THE H. J. HEINZ COMPANY 1991 ANNUAL REPORT

Heinz

"It's Gonna Be Up to Us Kids."

—Matt Gasch, 17

The H. J. Heinz Company dedicates this annual report to the children of company employees— children who are working to improve the environment for all of us.

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On the cover: Darren and Ryan Simms, sons of Dave Simms of Heinz-U.K., spot birds north of London.

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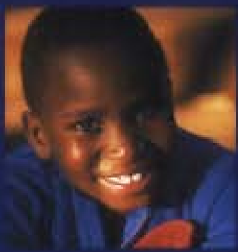
are some tips from the children of H. J. Heinz Company employees. Check off the activities you already do and add more checks as you undertake ne



Teurayi Motsi, 7, Harare, Zimbabwe

- "If you live near a nature reserve, take a tour and learn about the wildlife.
- "Don't harm bats and snakes. They get rid of pests in the garden and on the farm.
- "If you want to get a pet, adopt one from the humane society. Make sure pets get their inoculations each year. Give them plenty of water, especially when it is hot. Older kids can volunteer at a zoo to teach little children.
- "Don't buy items made from the skins, furs, teeth, horns, or feathers of endangered animals."

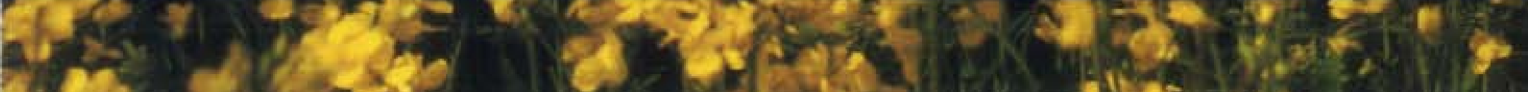
Darren Simms, 10, and Ryan Simms, 5, Hillingdon, United Kingdom

- "Plant trees that produce foods like seeds or nuts to feed birds and other small animals. Also plant trees to give us oxygen.
- "Ask an adult to help you make a feeder or a house for birds. Put it up high to prevent other animals from getting the food or from preying on the birds.
- "Plant flowers that attract birds, bees and butterflies."

Angelica Marusi, 9, Ozzano Taro, Ital

- "Some things in the house can poison the earth if they are thrown in the trash. Separate batteries and household chemicals, like cleaners and motor oils, from refuse and dispose of them properly. Call your local recycling center for advice.
- "Clean with products like baking soda or vinegar, when possible.
- "Find ways to reuse plastic containers. Keep plastics away from places where wildlife and fish will eat them or strangle on them."

Heinz Company Annual Report. Heinz Informational tips have been approved by Earth Day Publications. Printed on recycled



ids.'

projects to help the environment.

Roland Ng, 18, Tracy, California

- *"Recycle plastics, bottles, cans, and paper. Recycle at a center that uses profits from recycling to help others.*
- *"To prepare for recycling, rinse all containers. Remove lids, corks, rings and caps.*
- *"Help your family look for the recycle symbol on items when you shop. It looks like this symbol."*

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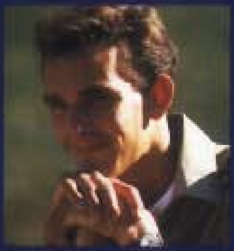
Lisa Holsinger, 18, Quincy, Illinois

- *"When you bathe, use lukewarm instead of hot water. Turn off the shower when you lather up, then rinse off. Don't let water run when you brush your teeth.*
- *"When you wash the car, use a bucket of water. Use a hose only to rinse. Clean your sidewalk and driveway with a broom, not water. Mulch around plants. It keeps water from evaporating.*
- *"Ask your parents to have your household water tested, especially for lead and other toxins."*



Matt Gasch, 17, Boise, Idaho

- *"'Leave it better!' Pick up your own trash, and what others leave, especially around your home, school and neighborhood.*
- *"Organize a clean-up day at the nearest park, or clean up a vacant lot. Ask the owner of the lot if you and friends can turn it into a playing field or a mini-park.*
- *"When you collect trash, especially where there is broken glass or sharp metals, wear protective gloves. Before picking up something you don't recognize, ask an adult."*

This poster is presented as part of the 1991 H.J

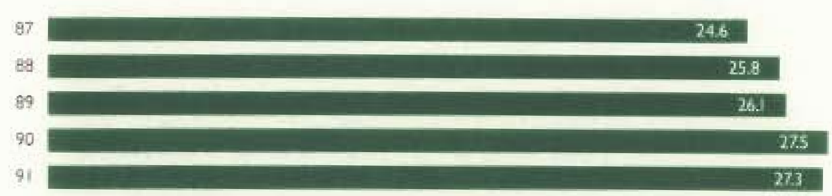
HIGHLIGHTS

H.J. HEINZ COMPANY AND SUBSIDIARIES

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)	1991	1990	1989
Sales	$6,647,118	$6,085,687	$5,800,877
Operating income	1,037,103	921,916	803,490
Net income	567,999	504,451	440,230
Per common share amounts:			
Net income	$ 2.13	$ 1.90	$ 1.67
Dividends	.93	.81	.69½
Book value	8.76	7.44	6.91
Capital expenditures	$ 345,334	$ 355,317	$ 323,325
Depreciation and amortization expense	196,138	168,523	148,104
Property, plant and equipment, net	1,722,741	1,567,752	1,366,023
Cash, cash equivalents and short-term investments	$ 313,964	$ 241,081	$ 237,729
Working capital	690,076	733,699	659,284
Total debt	1,226,694	1,256,607	962,321
Shareholders' equity	2,274,863	1,886,899	1,777,238
Average shares for earnings per share	266,628,617	266,078,096	263,568,068
Current ratio	1.48	1.57	1.59
Debt/invested capital	35.0%	40.0%	35.1%
Pretax return on average invested capital	31.3%	31.3%	31.4%
Return on average shareholders' equity	27.3%	27.5%	26.1%

Return on Average Shareholders' Equity

(IN PERCENT)

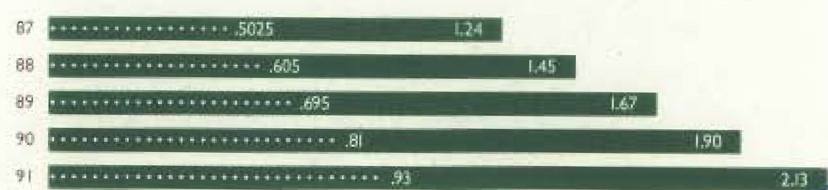


Dividends and Earnings per Common Share

(IN DOLLARS)

DIVIDENDS PER SHARE FIVE-YEAR COMPOUND GROWTH RATE 16.3%

EARNINGS PER SHARE FIVE-YEAR COMPOUND GROWTH RATE 14.1%



One of the most important sources of growth for the H.J. Heinz Company during the past 27 record-breaking years has been our determination not only to serve our customers' current needs but also to anticipate their future requirements. We are guided by a combination of research, experience and instinct borne of years of listening carefully to our consumers and remaining attuned to local cultures and tastes.

It is clear to us that the consumers of the 1990s are under increasing time pressure, are concerned with health and well-being, are more strategic in shopping, are interested in variety and entertainment, and are spending greater portions of their food dollars in the so-called foodservice sector. It follows that the successful foods of the 1990s must be convenient to use, represent quality and nutrition, offer high value, and provide a sense of novelty and fun. Furthermore, they must be readily available in retail stores and in all the growing foodservice outlets, such as eat-out, take-out and home-delivery (or what we might poetically call "eating-out-at-home") operations.

Heinz is anticipating these food trends by ensuring that our big brands

meet all the new requirements and by investing in the foodservice sector, and in new foodservice areas where we supply finished and unfinished foods for cooking and completion by retailers. Thus, not only are we expanding into the growing take-out and home-delivery markets but we also are meeting the increasing needs of retailers in such areas as bakery products.

In the past 12 months, we have undertaken a series of acquisitions in various areas as part of a strategic policy to build foodservice category leadership. The gain from the sales of The Hubinger Company in June 1991 and Caribbean Restaurants in April 1991 is facilitating this strategy.

During the past fiscal year, our sales surpassed $6.6 billion, a record that was symptomatic of a wider range of fiscal achievement. As the figures on the first page demonstrate, your company surpassed all previous levels of performance in such crucial indicators as sales, income and earnings per share.

In the world at large, the shattering of the Iron Curtain and the aftermath of the Gulf War are reshaping the world's political and economic topography. In addition, new trading partnerships are forming, as the European Community continues to remove regulatory barriers and the North

Anthony J. F. O'Reilly

Chairman, President and Chief Executive Officer–H. J. Heinz Company.

"When I was a boy, adults were forever saying, 'turn out the light, turn off the hot water, eat up your greens,'" Tony O'Reilly reflects.

"The cause-and-effect theorems, which I learned in school, seemed to prevail in life. If I was careless, then others would want.

As a child sharing a wartime scarcity, I had a contract with humanity to honor."

Today, Dr. O'Reilly believes that when a company pledges to do both good <u>and</u> well, it has a kind of contract with shareholders and consumers. For Heinz, the contract with humanity has led, in recent years, to dolphin-safe tuna, a recyclable ketchup bottle, an "environmental oasis" to ensure food safety, excellent nutrition for Chinese infants.

If Heinz makes products for the good of "green," the imaginary contract reads, consumers will purchase the company's products–even if they are more expensive.

"The symmetry of our imaginary contract can be dismayed by the logic of human need. That logic questions how to honor a contract to go 'green,' if the family budget and corporate bottom line could go 'red' for the sake of it.

"I am reminded of a song that my six children loved. Kermit the Frog on <u>Sesame Street</u> sang, 'It isn't easy being green.' As a frog, he had little choice in the matter. If we are to remain a living planet, neither do we.

"Not everyone owns Heinz stock,
but everyone has a stake in the imaginary contract.

"It can't be up to just the kids!"

American "common market" looks to include Mexico. New markets are opening, as Eastern European economies free themselves from the snares of dogma and history. Accordingly, further opportunities for growth are emerging, as Heinz holds out to the world's consumers the promise of safe, tasty, pure and healthful nutrition.

Because of its broadening global stance, Heinz has become a basket of companies and a basket of currencies. No single product has commanded more than 15% of revenues in any given year. This flexibility has proven an invaluable asset, enabling us to fend off the repeated challenges of our competitors while strengthening our big brands, extending our geographic reach and capturing profitable niche markets.

The best way to leverage change is to anticipate it. That notion led us, a little more than a decade ago, to purchase our unique and powerful brand franchise, Weight Watchers. The subsequent surge in consumer desire for weight loss and wellness has inspired many imitators, but it also has inspired continual renewal of the Weight Watchers brand through dramatic new product and service initiatives now underway. Though this has been a tough, competitive year, Weight Watchers has successfully emerged as the gold standard for weight loss from San Francisco to London to Sydney.

After a decade of torpor, the environmental movement has revived as a consumer concern. This annual report pays thematic tribute to the environment. The six portraits of employees' children are snapshots of a new generation of thoughtful consumers.

Heinz has taken the lead on a number of environmental issues. We have seen heightened consumer faith in our StarKist brand as a result of the dolphin-safe initiative; we expect a similar response to our recyclable ketchup bottle.

The rapid spread of the green movement is due in large part to a new age in global communications. Spawned by the deployment of cable/satellite technology, the communications revolution has accelerated the advance of trends and broadened the aspirations of consumers. As a consequence, our baby food, Heinz ketchup and Weight Watchers brand products and services are becoming recognized and respected on a global scale.

We expect to leverage the power of our global brands in emerging markets. We have held the first Weight Watchers meetings with eager members in eastern Germany. We are negotiating joint ventures in Poland

and the Soviet Union; it's too early to say what the outcomes will be, but is worth noting that our investments in Zimbabwe and China have performed extremely well. We have extended our operations along the Mediterranean crescent with a timely investment in Greece.

Concurrently, we have developed better-focused, more cost-effective marketing strategies to support leading brands in their established markets.

Our employees continue to discover better ways to improve performance and satisfy our customers through the process of Total Quality Management. For the first time, Heinz employees from around the globe came together for a TQM sharing rally. Affiliate teams explored the principles of Total Quality Management while learning from one another's presentations and examples. This rally demonstrated the unswerving commitment of Heinz management to TQM and recognized the substantial achievements of our employees as they strive to do each job right the first time, every time.

The interests of our shareholders are foremost as we conceive our strategies and conduct our initiatives. Dividends during the past ten years have grown at an annual compounded rate of 16.6%. The total return to Heinz shareholders over the decade, including price appreciation and reinvested dividends, has been 1,047.2%, equivalent to a 27.6% annual compounded return.

This satisfying performance is testament to the durability of Heinz's brands and the adaptability of our management. It flows from a solid balance sheet, a strong portfolio of brands, a broad market stance and an entrepreneurial culture. Moreover, the tax benefits resulting from the recent revaluation of assets in Italy will help accelerate our growth over the next few years.

As the world changes, our customers are becoming better educated and more appreciative of the crucial connection between health and diet. The food business is becoming more complex, more global and faster paced. We in Heinz are eager for these new challenges and look forward to continued record growth in the 1990s.

Anthony J. F. O'Reilly

Chairman, President and Chief Executive Officer

H. J. Heinz Company kept a steady pace in Fiscal 1991, maintaining its momentum of global growth.

Products and Markets

Despite vigorous competition and a slowing economy, Heinz brands held strong and the company's market reach extended further than ever before.

Heinz's global basket of companies attained record sales of $6.6 billion. Approximately 40% of that amount came from offshore operations. With this sales record, Heinz marked its 27th consecutive year of financial growth.

Such notable progress lies deeply rooted in worldwide marketing efforts. Heinz affiliates continued to supply substantial marketing support for their big brands, applying more than $550 million in marketing resources in a creative and focused fashion.

The constant development of new products and services kept Heinz in step with changing consumer tastes and desires. One trend of particular import is an increasing consumer insistence on products with environmentally safe ingredients, processes and packaging.

Heinz ketchup remained the preferred brand of half of all American consumers. Heinz U.S.A. added to this perennial favorite by introducing the first recyclable squeezable plastic ketchup bottle.

The record for other condiments was similarly impressive. HomeStyle Gravy exceeded a 25% market share during the peak winter season. Worcestershire sauce garnered 26% of its market, while 57 Sauce and Traditional Steak Sauce together reached an all-time high market share of nearly 25%.

Near East rice mixes continued their extraordinary growth with an 11% increase in sales volume.

New barbecue sauce varieties entered the grocery stores, as did a five-item line of flavored Chico-San mini rice cakes and a range of private label ready-to-serve soups.

Angelica Marusi, 9, Ozzano Taro, Italy

Daughter of Roberta Galli, production worker, and
Gianni Marusi, electrician, Heinz Italia.

This year Angelica Marusi is learning about "the ecosystem" with her 15 lively and curious classmates at Giuseppe Verdi Elementary School in Parma, Italy. Their teacher guides the children in a discussion about what they can do to help the environment. "Plant a tree. Everyone should plant a tree,"

says Celia. "Respect what you find in nature," Michele calls out. All the children were outraged at a report of a duck strangling on a plastic soft drink carrier ring. "Don't leave your picnic trash on the beach. Animals could die," Angelica says.

For homework on the ecosystem, Angelica has turned lessons in school into fairy tales with watercolor illustrations. "Little Green Riding Hood" correctly disposes of her grandmother's empty medicine bottle in a special place for discarded medicines. Ogni cosa al suo posto*—"there is a place for everything, and everything in its place"—especially potentially hazardous materials that can poison the earth. Angelica and her friends can discard used batteries in the bright yellow bin at their school.*

Angelica sings happily to herself as she works on a new fable about a little girl who wants to preserve the ecosystem. She paints a picture of a dolphin. "Help! I can't breathe in this oily water," the dolphin cries. "I'm coming to help you," says the little girl in the picture.

"We take care of the earth, the earth takes care of us," says Angelica.

Foodservice customers were treated to Heinz single-serve Dijon mustard, jams and jellies. Heinz U.S.A.'s foodservice division also launched spaghetti and pizza sauces.

Weight Watchers brand foods were reformulated to reduce substantially the amount of sodium and the percentage of calories from fat and cholesterol. Despite a flurry of activity from new competitors, Weight Watchers brand frozen entrees remain among the top three brands and should rebuild share and volume as consumers return to the trusted tastes.

Meantime, Weight Watchers brand frozen microwaveable breakfasts showed great promise in test markets, where they attained market shares of between 16% and 40% for such items as breakfast sandwiches and muffins. The line recently expanded into national distribution. Weight Watchers brand frozen desserts continued their advance, increasing their share by nearly two points to 17%.

Innovation has long been a mainstay of Weight Watchers International, and Fiscal 1991 saw the arrival of several dramatic developments. Weight Watchers debuted its Personal Choice Program in North America and six

European countries. Under the program, members can choose from among three food regimens to suit individual weight loss and lifestyle needs. With the help of this new option, meeting enrollments grew 6% over last year during the important January-to-April diet season.

Other programs, launched in test market, include the Weight Watchers Personal Weight Loss Center and the Personal Cuisine Food Option. The former service is aimed at satisfying those needing one-on-one counseling, while the latter is the first Weight Watchers program to provide foods at a meeting site.

StarKist Seafood's dolphin-safe tuna policy earned the brand an even more dominant market position. The company's environmental leadership raised consumer approval of the StarKist label and helped its market share exceed 40%, a historic high.

The national rollout of StarKist chunk white tuna in spring water elevated the company's market share of albacore tuna to nearly 36%. In Europe, the Petite Navire brand became the best-known of all French canned fish varieties.

Ore-Ida's fried potato line captured 47% of its market, aided mightily by ready consumer acceptance of its new Golden Twirls and Zesties french fry offerings. Ore-Ida topped baked potatoes and twice-baked potatoes also give consumers nutritious, easily prepared side dishes.

Convenience and portability inspired Ore-Ida's Foodways National subsidiary to introduce two frozen sandwich kits under the names Steak-umm Pizzasteak to Go and Meatball to Go. These products helped bolster Foodways' presence in the $258 million frozen sandwich category. Heinz Pet Products saw its venerable 9-Lives canned cat food capture a record market share of more than 26%. Its Kozy Kitten line achieved number-one status in the price-value segment. And, total net sales of dog food grew by approximately 16%, with Skippy Premium leading the charge with an outstanding increase of 43%.

Noting the growing number of overweight pets, Heinz added Lean Entrees to its 9-Lives cat food family. Reward, the super-premium canned

dog food, moved from test markets to national distribution. The Jerky Treats dog snacks line grew with the creation of Deli Snacks and Deli Links.

Heinz-Canada scored impressive gains. Its Weight Watchers brand entrees reached an all-time market high, while ketchup volume rose 10%. Baby food and infant cereal captured 91% and 54% of their respective markets. Red juices took a record 28% share.

Heinz-U.K. saw continuing growth in its major product lines, as ketchup, baked beans and soup all registered gains in volume and market share. The Weight Watchers brand from Heinz found special vigor with its frozen ready meals, which grew 23% and now enjoy brand leadership in a highly competitive grocery segment. A range of frozen Chinese dinners created with a popular U.K. restaurateur entered the market under the label, Memories of China from Ken Lo.

On the Continent, Heinz Spagheroni cooking sauces made substantial gains in France, increasing sales there by 51%. The unification of Germany opened the European market even wider and helped boost Heinz ketchup sales volume 26%.

For the first time, Weight Watchers meetings were conducted in eastern Germany, where 25% of adults suffer from excess weight.

Darren Simms, 10 and Ryan Simms, 5, Hillingdon, England

Sons of Dave Simms, infrastructure development manager, Heinz-U.K.

"Kestrel." "Robin." *"Tree Creeper."* "And a Robin." *"Coot and young."*
"I saw a Robin." *"Swan."* "There was a Robin. I saw it!"

Darren Simms knows how to spot many birds and Ryan is learning how.
Darren thinks Ryan might be getting just old enough to go out

with the adults to cut brush at the Maple Lodge Nature Reserve "to make it easier for animals and birds to find a home."

He's not sure about Ryan burning it. He might have to be the one to do that, himself. "I like that part best," he confides. However, Darren's willing to share his growing knowledge gleaned from hours of "tagging along" behind his dad, Dave Simms, who started taking an interest in the environment himself, when gales swept through England three years ago, downing many trees and affecting every other living thing.

When Ryan runs after baby rabbits and into stinging nettle plants, he comes to his older brother for comfort. "Here, Ryan, let's find some dock leaf. It's supposed to heal nettle stings. Good, now spit on the leaf and rub it on the sting." Darren next explains to Ryan, "You know how you make carbon dioxide when you breathe out? Well, trees need our carbon dioxide and if you breathe on a tree it likes it." Ryan giggles. "It does?" "Yes. And trees like it so much that they give you back oxygen."

Ryan turns to the nearest tree, puffs out his cheeks, and blows, hard.

By fiscal year's end, Weight Watchers was holding 40 meetings per week in 14 eastern German cities.

Heinz Italia derived continued strength from its "environmental oasis" concept and extended its already dominant market position through new niche products, such as Bi-Aglut gluten-free pasta, and Eulac and Vivena infant formula. Aproten brand low-protein foods performed especially well, expanding sales by 30%. Other favorites added to the winning sales, including Nipiol apple/banana baby juice, Misura sugar-free candy and Plasmon wet baby food.

Sperlari and Scaramellini, Heinz Italia's confectionery businesses, continued to explore new tastes by adding sugared gums, soft candies, light soft nougats and gift chocolates.

Heinz Iberica maintained its heady pace with a 27% boost in ketchup sales volume. This was complemented by a 26% rise in sales of its Orlando brand crushed tomatoes and a 12% sales increase for its highly popular tomate frito cooking sauce.

Heinz-Australia's share of the baked bean and spaghetti markets reached a gratifying 54%, with much of the volume increase attributable to the introduction of cans with ring-pull ends. Ketchup and tomato sauce also realized substantial market gains.

Heinz-Australia launched an entirely new product category, Kids Cuisine, a range of six canned meals for young children.

Sales of Greenseas tuna, Australia's leading brand, surged forward in the wake of its dolphin-safe policy. Greenseas augmented its offerings with smoked salmon.

Further north along the Pacific Rim, Heinz-Japan tripled its sales of ketchup in plastic bottles and of canned dog food.

Heinz Win Chance in Thailand recorded a 50% growth in revenue from its sauce business.

In the People's Republic of China, Heinz-UFE's baby food business continued at capacity.

Heinz's Kgalagadi affiliate in Botswana scored double-digit sales gains for Okavango and Marang soap products.

Consumers in Zimbabwe were introduced to Sport brand deodorant soap sold by Olivine.

Facilities and Resources

Throughout the world of Heinz, superior products and exemplary customer service were twin goals inspiring the purchase of facilities, the employment of technology, and the procurement of raw materials.

Heinz U.S.A. reached the half-way point in the $100 million upgrade of its Pittsburgh plant, where employee development and training represent important elements in the investment. Other factories throughout the U.S.

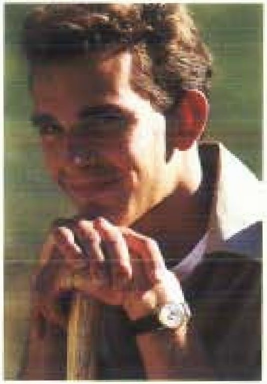
also modernized filling lines, cooling systems and storage facilities.

The California drought and an early spring freeze in the Midwest challenged Heinz U.S.A.'s procurement efforts. While still amply supplied by traditional sources of tomatoes, potatoes, cucumbers and rice, Heinz accounted for nature's vagaries with alternate sources from the eastern and northwestern U.S., and with sophisticated techniques for using hardier hybrids, early harvests and greenhouse transplants.

Weight Watchers International undertook several major studies of the attendance patterns of those who join weight-loss programs, in order to better understand membership habits and needs.

StarKist's worldwide tuna procurement practices continue to reflect strict adherence to its dolphin-safe policy. Abundant fishing, large inventories and strong overseas competition marked the year for StarKist and other processors. By year's end, StarKist's inventories had been reduced to historic low levels, sales prices had firmed and the principal branded canners had followed the lead of StarKist in implementing dolphin-safe standards.

Ore-Ida Foods' Plover facility installed electronic potato strip sorting and cutting machines to substantially improve product quality.



Matt Gasch, 17, Boise, Idaho

Son of Vickie Gasch, benefits administrator, Ore-Ida Foods.

Matt lies on his waterbed looking dreamily at a map of the solar system. "When I travel there I want to leave it better," he says of the earth. By "there" he means into space as an engineer and astronaut to colonize the moon with biospheres–small, self-contained worlds that efficiently recycle everything.

"Planning is sooooo important," Matt muses. He's not just speaking of a far off goal, but of his emerging conservation-influenced philosophy of life.

"Like, when I got my Scout Troop to restore a trail in Jump Creek Canyon, I planned every detail so carefully, I didn't even have to work, just be 'the boss.' I loved that!" His serious face changes suddenly. He grins and takes a playful swipe at the two-foot-wide geodesic ball hanging over his head. "We had fun on the trail project. It made a difference."

Matt and his mom go to Jump Creek to hike. The trail is still beautiful, but they've brought two big trash bags along. "Planning!" Matt says. You soon see what he means. In less than an hour, they have collected two bags full of litter found in the lovely wilderness. Matt recites the hiker's rule: "Bring out more than you take in."

Tossing the bags into the trunk of the car, he says, "Anyone can do conservation work–just remember to plan to 'leave it better.' "

Foodways' Massillon factory served as the test site for a warehouse inventory management system, which will give all Foodways plants faster access to the finished goods inventory system.

Hubinger began to implement a $1.8 million data collection project at its Keokuk factory.

Heinz Pet Products relocated its headquarters from Long Beach, California to the Greater Cincinnati area early in the fiscal year. The Midwest location, which costs significantly less, is closer to company distribution and manufacturing facilities. Substantial capital investment in the Bloomsburg pet food plant boosted the facility's capacity tenfold, while markedly improving efficiency.

Researchers at Heinz Pet Products developed a unique two-way top for its canned goods. This innovative design gives consumers the choice of opening the cans with either the convenient, ring-pull lid or a can opener. It is an appealing alternative to many senior citizens and others who

find the ring-pull lid difficult to use.

In Canada, StarKist discontinued production at its tuna canning plant in St. Andrews, New Brunswick.

Heinz-Venezuela benefited from new policies reducing government control of the economy, in particular the lifting of import restrictions on fruit pulps required for baby food.

Consumer demand induced Heinz-Central Europe to extend its Spagheroni production capacity and to develop a system to more efficiently handle bulk tomato paste packs. The Elst factory in the Netherlands designed a single-serve ketchup container with an all-plastic barrier.

Heinz Italia began the final installation of a wet baby food and juice unit at its Latina factory. Scheduled to begin operating in Fiscal 1992, the line will be the largest of its kind in Europe. Also set for operation next year is a revolutionary confectionery plant that will reduce nougat cooking times and lower energy costs by 70%.

Heinz Iberica installed an evaporator at its Ejea de los Caballeros factory in Spain to ensure consistent tomato paste quality and save production costs.

IDAL in Portugal added more evaporating and filling capacity to its Benavente factory, making it Europe's largest such facility.

Heinz-Australia compensated for a shortfall in the country's navy bean crop by buying beans from North America.

Australia's Girgarre Country Foods commenced commercial production using technologically advanced tomato processing equipment imported from Italy.

Heinz-Japan established a customer service section to respond more effectively to consumer inquiries.

Seoul-Heinz in South Korea consolidated its headquarters offices and warehouse at a single site, a move that generates both cost savings and operating efficiencies.

Acquisitions and Divestitures

Heinz strengthened its resources and product lines through carefully selected acquisitions and divestitures.

Weight Watchers International further increased the number of company-owned operations by acquiring franchise areas in parts of California, New York and Pennsylvania.

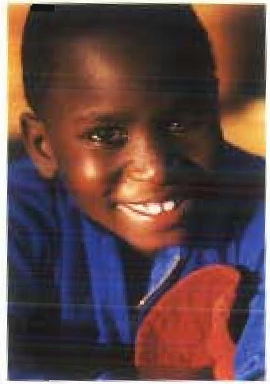
Ore-Ida Foods added to its retail and foodservice potato processing capacity with the purchase of Celestial Farms, Inc. This new affiliate is a specialty processor that supplies retail and foodservice businesses with a variety of frozen products, including twice-baked potatoes and baked potato shells.

Heinz-Canada expanded its frozen baked goods business by buying two Canadian-based operations, Les Boulangeries Mansion Bakeries and Baker's House. It also bought Tasty Frozen Products, Inc., which operates frozen bread dough factories in the U.S.

Additionally, Heinz-Canada acquired Diana Sauce, a brand of four gourmet barbecue sauces sold primarily in the Ontario region.

Heinz extended its presence in the Mediterranean to Greece with the addition of Copais Canning Industry, S.A. Based in Athens, Copais has supplied tomato products to Heinz's United Kingdom and Netherlands factories for the past two decades.

In Italy, the company added to its confectionery business by acquiring Dondi, a 100-year-old Cremona-based confectioner. Dondi brand



Teurayi Motsi, 7, Harare, Zimbabwe

Son of Innocent Motsi, exports manager, Olivine Industries.

"The animals need water. We must take them water, soon." Teurayi speaks with confidence to John Calderwood, headmaster of Springvale House School. Teurayi knows the effects of the long drought in his part

of Africa, not from a textbook but from observing and caring for the animals in Gosho Park, a wildlife reserve attached to the school. Teurayi wants all African animals to be safe on reserves, so poachers will pay dearly for their greed.

Some nights each term, Teurayi sleeps out in the bush camp in Gosho Park. He can hear wild animals walking around outside his hut, but he isn't afraid. "Not even of snakes, as I was when I was little. Not any more. We live with snakes. They won't bother us if we leave them alone."

"How do you know the animals need water?" asks Mr. Calderwood. Teurayi describes the condition of the soil, the state of watering holes, the kinds of grasses and the amount growing. "Sensible answers," says his headmaster.

Emboldened by his headmaster's encouragement, Teurayi tells Mr. Calderwood about his favorite animal in Gosho Park, a little antelope, the duiker. "If I were a duiker, I would win at sports all the time. I could jump so high! I did jump a meter once..." Mr. Calderwood is doubtful about that, but he doesn't doubt that Teurayi is discovering a core responsibility: humans must use their strength, skill, and intelligence to protect our fragile world.

Later, Mr. Calderwood tells Teurayi, "You can help take water to the animals."

mostarda is a traditional Northern Italian meat accompaniment made of candied fruit in a mustard syrup.

Caribbean Restaurants, Inc. was sold. CRI operated Burger King restaurants in Puerto Rico and the Virgin Islands.

Environment and Quality

The intense desire for quality and environmental protection has carried from consumer to company, giving added responsibilities to both. Accordingly, Heinz affiliates around the world have magnified their efforts to protect the environment and to incorporate Total Quality Management (TQM) into every activity.

Heinz U.S.A. undertook more than 20 TQM projects related to ingredients and raw products alone, reducing costs by $900,000 per year.

StarKist assumed leadership of the tuna industry on the dolphin-safe issue. Not only was the company the first to announce this policy, but it also worked with the 101st U.S. Congress to support legislation laying down strict, enforceable requirements for dolphin-safe labeling. The Congress also enacted, and StarKist heartily endorsed, a ban on the importation of tuna caught in drift nets.

A number of other StarKist environmental initiatives are underway. The company formed a solid waste management committee and developed a waste management policy. StarKist Caribe and StarKist Samoa each participated in local water conservation programs.

Ore-Ida adopted an integrated waste management strategy for packaging. The plan will address the issues of source reduction, recycling, incinerating and landfilling.

Employees at Ore-Ida's Plover factory developed measurement methods that will enable them to evaluate production more effectively and to improve performance by 10%.

Foodways National's Wethersfield factory eliminated nearly $1 million in non-conformance costs, in part by empowering rank-and-file employees to manage budgets.

At Heinz Pet Products, 9-Lives became the first national canned cat food brand to incorporate a recycling logo on its packaging.

The company commissioned a water conservation facility at its Terminal Island pet food plant in California. This equipment will capture and reuse 80% of the water from the factory's cooling process.

Heinz-Canada completed two major energy conservation projects. By installing a new tomato evaporator and gas turbine co-generation facility, Heinz-Canada will significantly reduce total energy costs while contributing to a cleaner environment.

Heinz-U.K. continued its four-year collaboration with the Marine Conservation Society to produce "The Good Beach Guide." The society's sales of the book topped 40,000 copies.

Heinz-Central Europe engaged in discussion with the Dutch government to shape future legislation on packaging disposal. The affiliate played an active role in achieving a glass recycling rate in the Netherlands of

almost 65%, with a 95% recycling goal set for 2000.

Heinz Italia used TQM methods to save natural resources and money at its Cremona confectionery facility. Water consumption was reduced by 33%, with an additional 12% cutback expected next year.

Heinz Iberica invested heavily in water treatment equipment in an area of Spain where water tends to be scarce. The effort yielded a 25% cut in both waste water and water consumption.

Heinz Iberica increased by 30% the company's capacity for in-season production of tomate frito and saved almost $1 million annually.

Heinz-Japan started work on a vacuum dehydration waste disposal system, which is expected to cut annual waste disposal by 800 tons or 50%. The Utsunomiya factory's TQM activities improved productivity and generated more than $500,000 in savings.

Public Service

As they attend to the requirements of the environment and their customers, Heinz affiliates also look to the needs of their communities around the world.

Roland Ng, 18, Tracy, California

Son of Mamie Ng, quality assurance sub-supervisor, Heinz U.S.A.

"In my family we are careful to not waste anything. So, I have grown up to care for our world naturally, starting right at home."

Somewhere in the heap of glittering glass, Roland Ng sees basketballs for the team of seven-year-olds he coaches at the Boys and Girls Club in

Tracy, California. He's not standing on a mountain of broken bottles, but on top of profits, which result from his environmental activism.

Roland is excited to be able to improve the environment, to make money from what others throw away, to help the club. "This is what recycling is all about," he says. "We were making only a little money from one recycling bin. Then, I got publicity so people in town would know they could help provide basketballs and other sports equipment for the kids if they would recycle their bottles, cans and papers at the club. Now we have five recycling bins and nearly four times the profits.

"My great-grandmother was an important influence in my life. She used to say, 'Roland, don't see others catching fish and be envious. You can have what they have, but first you must prepare. You must make a net and learn to use it. Then, you can have what others have. Even more!' By that little example, she meant that it was up to me to find a way to get what I wanted. I wanted to help the Boys and Girls Club. Recycling is my net.

"Don't you see how my great-grandmother was right?"


CLEAN
GLASS
ONLY

The H.J. Heinz Company Foundation took the lead in public service with grants totaling $7.3 million to approximately 1,100 organizations. Of this total, nearly $700,000 consisted of contributions matching those made by some 650 Heinz employees.

A sampling of beneficiaries reveals a broad range of community involvement: National Future Homemakers of America Foundation, Rush-Presbyterian/St. Luke's Medical Center, Pittsburgh Symphony Society and the Extra Mile Education Foundation.

Heinz U.S.A., which recently introduced a recyclable plastic ketchup bottle, joined with the H.J. Heinz Company Foundation to sponsor the U.S. Conference of Mayors' "most resourceful city" awards. This program confers two annual $20,000 grants to cities having the most comprehensive and effective recycling projects.

For the 12th year, Heinz U.S.A. and the company foundation contributed to local children's hospitals as the result of the collection of baby food labels from consumers. More than 8,000,000 labels were collected by 160 facilities in the U.S., Canada, Bermuda and Hong Kong. Resulting donations from Heinz and the foundation exceeded $523,000, a 21% increase over the prior year. This also represented the first time that Heinz-Canada had adopted the program.

Heinz U.S.A. responded to requests from American forces serving in Operation Desert Storm by donating and authorizing the transport of more than 500,000 single-serve packets of ketchup to Saudi Arabia.

Family issues serve as the focus of Heinz U.S.A.'s "Family Works!" initiative, which consists of 17 hours of original TV programming. Heinz U.S.A. is co-sponsor for half of the shows, which will be syndicated to TV stations throughout the country.

Heinz U.S.A., which received the Second Harvest Partnership Award two years in a row, contributed more than 75,000 cases of products to the Second Harvest National Food Bank network.

Weight Watchers International announced HealthWatch 2000, a cooperative program with the U.S. Public Health Department to promote the government's Year 2000 Health Objectives. Weight Watchers disseminated information about the health initiatives via a free booklet co-sponsored with the American Dietetic Association.

Weight Watchers International fielded a national team of more than 5,000 walkers for the annual March of Dimes WalkAmerica. Raising more than $427,000, the affiliate placed fifth among national corporate sponsors.

The Gulf War spawned an alliance between Weight Watchers and the Salvation Army. Dubbed "Operation We Care," the food donation program assisted families of military personnel deployed to the Persian Gulf.

StarKist donated the first 4,800 cans of its dolphin-safe tuna to the Los Angeles Mission, a shelter for the homeless.

Loyola Marymount University recognized StarKist for a $75,000 donation to modernize equipment and expand laboratory and classroom space.

This year's Ore-Ida Women's Challenge gained extra status as a showcase event in Idaho's 100th anniversary celebration. The Centennial Challenge featured leading cyclists from around the world who competed in history's longest women's bicycling race.

Ore-Ida joined with Heinz Pet Products to sponsor the Idaho Humane Society Pet Food Drive. Together the affiliates collected and gave more than a year's supply of pet food to the society.

Foodways National sponsored the seventh annual Walk Against Hunger in Hartford, Connecticut, garnering more than $40,000 for area food banks and relief agencies.

The Cincinnati Veterinary Medical Association invited Morris, the 9-Lives cat, to serve as "chaircat" of National Pet Week. The company also donated $10,000 to local veterinary groups.

Heinz-U.K. completed its third year of association with the Save the Children Fund. The affiliate also sponsored a National Fun Run to raise money for Action Research for the Crippled Child and the Sports Aid Foundation. More than 20,000 children took part in the race.

For the tenth year, Heinz Italia's PLADA affiliate held its Study Seminar for Young Pediatricians, a professional forum covering vital issues in nutrition and childhood illnesses.

Heinz-Australia supported the little athletics program in Victoria for the 20th consecutive year. The company also played a major role in the 44th Dandenong Festival of Music and Art for Youth.

Heinz-UFE in China sponsored an Environment and Child Health Education Fair for families at the Children's Activity Center in Guangzhou.


PEOPLES FERRY

Lisa Holsinger, 18, Quincy, Illinois

Daughter of Jim Holsinger, vice president-sales and marketing, The Hubinger Company.

"Old Man River." "The Big Muddy."

Songwriters have written affectionate lyrics about the Mississippi. Samuel Clemens took his pen name from the cry of riverboat pilots who measured its unpredictable depths, calling out, "mark twain."

But, when Lisa Holsinger considers the river, she doesn't wax romantic. Instead, she imagines nitrates, coliform colonies and mayfly larvae. With hundreds of high school students, Lisa has been participating in a volunteer course of study. As part of The Illinois Rivers Project, she and other teens from Quincy High School have monitored the river for pollutants. When she started testing for dissolved oxygen, her father told Lisa about the millions of gallons of Mississippi River water Hubinger uses each day and how the water must meet stringent standards before it can be returned to the river. But Lisa has learned that everyone isn't so cautious about how they use the resource.

If Lisa's test results show a low level of dissolved oxygen, she worries how the river will support aquatic life. She wonders how to convince people to stop polluting the river. Not only has the project changed Lisa's perception of the river as a place to play with her sisters and brother, or boat with her parents, it has given her an idea about a potential career that might keep "The Big Muddy" from turning into "The Big Dirty."

"I'm thinking more and more about a future as an environmental scientist," Lisa declares.

Net Sales
(IN MILLIONS OF DOLLARS)
- DOMESTIC
- FOREIGN

FIVE-YEAR COMPOUND GROWTH RATE 8.8%

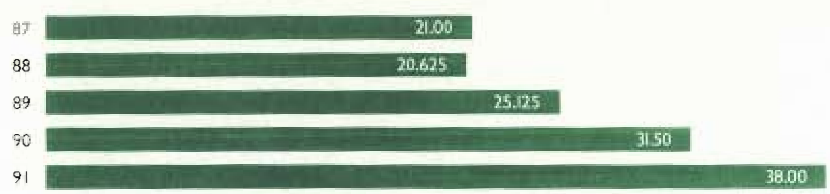
Operating Income
(IN MILLIONS OF DOLLARS)
- DOMESTIC
- FOREIGN

FIVE-YEAR COMPOUND GROWTH RATE 14.3%

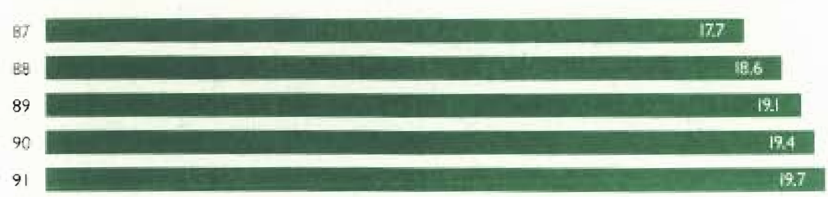
Net Income
(IN MILLIONS OF DOLLARS)
- DOMESTIC
- FOREIGN

FIVE-YEAR COMPOUND GROWTH RATE 13.5%

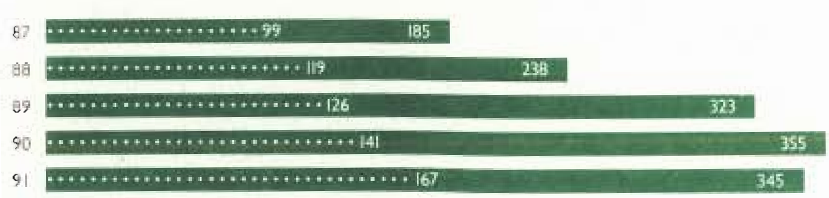
Common Stock Price at Year End
(IN DOLLARS)



After Tax Return on Invested Capital
(IN PERCENT)



Capital Expenditures and Depreciation
(IN MILLIONS OF DOLLARS)
- CAPITAL EXPENDITURES
- DEPRECIATION



Results of Operations

In 1991, net sales increased $561.4 million, or 9.2%. Approximately 57% of the sales gain came from price and volume increases (including acquisitions); the favorable effect of strengthened foreign currencies against the U.S. dollar accounted for the remainder of the sales increase.

Sales prices increased approximately 3% in 1991, of which 57% came from foreign operations and 43% came from domestic operations. Foreign price increases were noted in most of the company's products, particularly in Heinz baby food and Heinz soup. Domestically, prices increased for Ore-Ida frozen potatoes, Weight Watchers meeting operations, canned dog food, Weight Watchers brand frozen entrees, private-label soup and Heinz baby food. Offsetting these price increases were price decreases for StarKist tuna products.

Sales volume also had a favorable impact on the company's sales in Fiscal 1991. The sales volume increased approximately 1% and was due to products sold overseas. Foreign volume increases were noted in Heinz ketchup, Heinz sauces and pastes, soaps, Heinz baby food and Heinz soup. Domestically, volume gains came principally from dog food and Ore-Ida frozen potatoes; volume declines occurred in StarKist tuna, Weight Watchers brand products and meetings, and cat food. Acquisitions included several small bakery companies in the U.S. and Canada, a confectionery company in Italy and a tomato processing company in Greece.

The strengthening of the pound sterling in the United Kingdom and of the lira in Italy were the primary contributors to the increase in sales attributable to the translation of foreign currencies.

In 1990, net sales increased $284.8 million or 4.9%. The increase was the result of volume growth, price increases and acquisitions, net of foreign divestitures. Partially offsetting the sales growth was the adverse impact of foreign exchange resulting from the strengthening of the U.S. dollar against most currencies.

Sales volume increased $133.7 million in 1990 and accounted for nearly one-half of the sales growth. Approximately 60% of the increase came from domestic operations, where Heinz ketchup, StarKist tuna, Weight Watchers brand frozen entrees and Ore-Ida frozen potatoes provided the majority of the gains. Foreign volume growth came from Weight Watchers brand food products (in the United Kingdom, Central Europe and Canada), baby food in Italy, Heinz beans in the United Kingdom and Canada, sauces and pastes, edible oils and frozen bakery products.

Higher sales prices in 1990 contributed $206.5 million or approximately 72% of the sales gain. Approximately 20% of the price increase ($40.3 million) came from Venezuela and was offset by unfavorable exchange rates. Of the remaining price increase ($166.2 million), 55% came from foreign and 45% came from domestic operations. Foreign price increases occurred in Weight Watchers brand food products in the United Kingdom, baby food in Italy, and Heinz beans and soup in both the United Kingdom and Australia. Domestic price increases occurred across a broad range of products: Heinz ketchup, corn syrup sweeteners, Weight Watchers brand food products and meeting operations, Ore-Ida frozen potatoes, pet food, baby food and soup. Price declines in StarKist tuna partially offset price gains for other U.S. affiliates.

Changes in exchange rates used to translate foreign currencies reduced sales by $144.0 million in 1990. Declines came primarily from the stronger U.S. dollar versus the Venezuelan bolivar and the pound sterling. Acquisitions accounted for $126.7 million of the sales gain.

In 1991, gross profit increased $224.6 million or 9.5%. The gross profit margin increased to 38.9% from 38.8% due to the sales increase, continued cost efficiencies arising from the company's Total Quality Management (TQM) program and favorable raw material and packaging costs. Domestically, tomato costs declined but this was partially offset by higher potato and corn costs. Foreign operations benefited from a decline in raw material and packaging costs, particularly in Italy and Canada.

Gross profit increased $108.4 million in 1990; the gross profit margin as a percentage of sales remained constant with the prior year at 38.8%. Favorable raw corn costs and increased margins at the United Kingdom and Italian operations were offset by higher average raw tomato and potato purchase costs and restructuring costs in the pet food operations.

Total marketing support, which consists of trade promotions and advertising, increased 5.9% in 1991 compared to an increase in 1990 of 7.5%. This is principally the result of higher foreign marketing support in the United Kingdom and Italy and an increase in domestic marketing support for Weight Watchers meeting operations, Reward dog food, 9-Lives cat food and Ore-Ida frozen potatoes.

Selling, general and administrative (SG&A) expenses increased 7.6% in Fiscal 1991. As a percentage of sales, SG&A expenses declined to 23.3% in 1991 from 23.6% in 1990 and 24.9% in 1989. The decline is due

to cost efficiencies achieved at most of the company's major operations including the continued restructuring of the pet food operations.

In 1990, SG&A expenses declined as a percentage of sales as a result of the company emphasizing cost reduction and efficiency, including the closure of 50 outside distribution points relating to the company's pet food operations. In 1989, mid-year divestiture of the company's foreign chilled salad operations cut distribution costs and continued to benefit 1990 results.

Operating income increased 12.5% to $1,037.1 million in 1991 and the operating income ratio improved to 15.6%. In 1990, operating income increased 14.7% to $921.9 million with an operating income ratio of 15.1% compared to 13.9% in 1989. The increase in 1991 was the result of the increase in sales and cost efficiencies arising from the company's TQM program. The United Kingdom and Italian operations accounted for most of the increase in operating income as a result of strong operations and the weakening of the U.S. dollar. Domestically, ketchup and frozen potato operations showed strong operating income gains, which were offset by lower operating earnings for StarKist tuna and Weight Watchers brand operations. In 1991, operating income also included costs for developing new initiatives in Weight Watchers brand foods and meetings and the transition to dolphin-safe tuna. These costs were offset by a gain from the settlement of certain pension liabilities of an overseas pension fund arising from the purchase of annuities.

In 1990, approximately 80% of the operating income increase came from domestic operations. The increase was fueled by price and volume gains (particularly from Heinz ketchup, Ore-Ida frozen potatoes and Weight Watchers brand food products) as well as favorable corn costs and continued emphasis on cost reductions. Foreign operations furnished less of the operating income gain in 1990 due to the strength of the U.S. dollar and higher raw material costs in 1990 compared to 1989.

Total non-operating expenses increased $23.6 million from $110.5 million in 1990 to $134.1 million in 1991. Interest expense, which increased $29.1 million, was the primary contributor. This was partially offset by an increase in interest income of $8.2 million. The increase in interest expense is due to higher borrowings resulting from capital expansion projects at Heinz Pet Products, in Italy and in the United Kingdom; recent acquisitions; and the company's stock repurchase program. Interest expense was favorably impacted by a decline in the commercial paper interest rate. The increase in interest income is the result of an increase in Italian investments.

In 1990, non-operating expenses increased $31.9 million. This was the result of increased net interest expense of $35.1 million, which was due to higher average interest rates and higher average "net debt." The increase in average net debt was due to the company's stock repurchase program, increased acquisition activity during the latter part of 1989, higher working capital needs and capital expenditures.

The effective tax rate was 37.1% in 1991, 37.8% in 1990 and 39.3% in 1989. The declines in the 1991 and 1990 tax rates are the result of lower foreign effective tax rates, which were partially offset by a lower tax benefit from U.S. possessions subsidiaries. Further information regarding tax rates may be found in Note 2 to the Consolidated Financial Statements.

Net income rose 12.6% in 1991 to $568.0 million. Net income per share rose 12.1% to $2.13 per share from $1.90 per share in 1990. The net income per share growth is less than the net income growth as a result of share price appreciation on common stock equivalents. Domestic operations provided 53.3% of the net income in 1991 and the foreign operations provided 46.7%. The foreign operations provided a larger percentage of net income in 1991, compared to 1990, due to strong operating results in the United Kingdom and Italy and lower domestic operating income. Also contributing to the foreign net income growth was the favorable effect of strengthening foreign currencies against the U.S. dollar.

Net income in 1990 rose 14.6% to $504.5 million. Net income per share rose 13.8% to $1.90 per share. Domestic operations produced 63.0% of net income in 1990 and 57.9% in 1989. Foreign operations were affected by unfavorable exchange rates in 1990. In addition, in 1989, the foreign operations benefited from lower effective tax rates, the divestitures of marginally performing operations and lower commodity costs.

The company paid $239.2 million in dividends to common shareholders in 1991, or 93 cents per share. The dividend rate in effect at the end of each year results in a payout ratio of 45.1% in 1991, 44.2% in 1990 and 43.1% in 1989. Common dividends of $207.4 million were paid in 1990 and $178.3 million in 1989.

The impact of inflation on both the company's financial position and results of operations has been minimal and is not expected to adversely affect 1992 results.

Liquidity and Capital Resources

Return on average shareholders' equity was 27.3% in 1991, 27.5% in 1990 and 26.1% in 1989. Return on average invested capital was 31.3% both in 1991 and 1990 and 31.4% in 1989.

Cash provided by operating activities in 1991 was $774.8 million, compared to $527.8 million in 1990. In addition to net income growth, the strong increase in cash flow from operations in 1991 was the result of the company's increased emphasis on the

management of working capital, particularly in inventories and receivables.

Cash used for investing activities was $487.2 million compared to $368.3 million in 1990. Capital expenditures required $345.3 million in 1991, which was the result of capital expansion at existing domestic facilities, particularly at the Pittsburgh plant, and in the United Kingdom and Italy. In 1990, capital expenditures required $355.3 million and were also related to productivity improvements and growth-related expansion at existing facilities. It is expected that capital expenditures in 1992 will continue at present spending levels and will include major modernization at the Pittsburgh plant of Heinz U.S.A.

Acquisitions required $109.0 million in 1991 and $56.3 million in 1990. In 1991, the company purchased several companies including a tomato processing company in Greece, a producer of frozen pastry products in Kansas, the Weight Watchers franchise in Los Angeles, California, and several other small acquisitions. In 1990, the company purchased a baking company in the United States, the Weight Watchers franchise in the U.S. Gulf Coast states and several other small companies.

Divestitures resulted in a cash inflow of $22.5 million and was due principally to the sale of Caribbean Restaurants, Inc., a franchisee of Burger King restaurants in Puerto Rico and the U.S. Virgin Islands. The divestiture did not have a material effect on the results of operations.

Net purchases and sales of short-term investments required $52.5 million in Fiscal 1991. This was principally the result of investment activity in Italian short-term securities.

Cash used for financing activities in 1991 amounted to $250.6 million, which was primarily the result of the payment of dividends. The increase of cash from the exercise of stock options was offset by the payment on long-term debt. In 1990, cash flow from financing activities required $136.6 million, which was principally caused by the purchases of treasury stock. The net proceeds of $291.1 million of new borrowings in 1990, together with cash from operating activities, were used for investing activities, dividends and common stock repurchases.

During the year, the board of directors authorized an increase of 14.3% in the quarterly dividend for common stock from 21 cents per share to 24 cents per share. In 1991, $239.3 million was spent to pay dividends to both common and preferred shareholders, an increase of $31.8 million over 1990. In 1991, $67.5 million was spent to repurchase 2.1 million shares of common stock. To date, 5.3 million shares of common stock have been repurchased as part of the current 10 million share repurchase program. In 1990, $279.9 million was spent to repurchase 9.2 million shares of common stock. The company intends to reissue repurchased shares upon the exercise of stock options and conversion of preferred stock.

During 1991, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The statement requires that the accrual method of accounting for other postretirement benefits be used and that the accrual period be based on the period that the employees render the services necessary to earn their postretirement benefits. The statement must be implemented no later than Fiscal 1994. The adoption of this statement will not impact the company's cash flows but will increase annual expense, the amount of which has yet to be determined. (See Note 8 to the Consolidated Financial Statements.)

At the shareholders meeting held on September 11, 1990, the shareholders approved a new stock option plan providing for the grant of up to 12 million shares of common stock. (See Note 6 to the Consolidated Financial Statements.)

As of May 1, 1991, the company had $590.0 million in unused lines of credit (cancellable only after 390 days written notice), which are maintained to support domestic commercial paper. Accordingly, $437.7 million of commercial paper supported by such agreements was classified as long-term debt ($441.8 million at May 2, 1990). In addition, the company had $575.5 million of foreign and other domestic lines of credit available at year-end. Net debt as of May 1, 1991 was $912.7 million compared to $1,015.5 million as of May 2, 1990.

The ratio of debt to invested capital was 35.0% in 1991, 40.0% in 1990 and 35.1% in 1989.

The company's financial position continues to remain strong, enabling it to meet cash requirements for operations, capital expansion programs and dividends to shareholders.

Recent Developments

In June 1991, the company sold The Hubinger Company of Keokuk, Iowa to Roquette Freres, a major worldwide producer of corn starches. Hubinger is a producer of corn derivatives, including corn syrup, starch and ethanol. The sale will result in an after-tax gain of approximately $130-$140 million and will be recognized in the first quarter of 1992.

The gain will be offset to a large extent by the prepayment of Italian taxes, the adoption of FASB Statement No. 96 and increased marketing initiatives. Although the past performance of The Hubinger Company has been good, the affiliate did not fit with Heinz's long-term strategic plan, which

focuses on major brand franchises and related food service businesses.

In June 1991, Heinz's Italian affiliate, Plasmon, elected to revalue for tax purposes certain assets as a result of legislation recently enacted by the Italian Parliament. The revaluation requires payment of approximately $80 million over two years in exchange for approximately $200 million of future tax benefits that the company estimates will be realized in Fiscal years 1993 through 1997. As a result of this tax planning strategy the company will be better positioned to accelerate its rate of growth over the next few years.

In December 1987, the FASB issued Statement No. 96, "Accounting for Income Taxes." The statement requires the use of the liability method of accounting for deferred income taxes and must be implemented no later than Fiscal 1993. The company plans to adopt Statement No. 96 in the first quarter of 1992. The company estimates that the adoption will negatively impact earnings by approximately $70-$80 million, which includes the effect of the Italian tax revaluation mentioned above.

Segment and Geographic Data

The company is engaged principally in one line of business—processed food products—which represents over 90% of consolidated sales. The following table presents information about the company by geographic area. There were no material amounts of sales or transfers among geographic areas and no material amounts of United States export sales.

		FOREIGN					
(DOLLARS IN THOUSANDS)	DOMESTIC	UNITED KINGDOM	CONTINENTAL EUROPE	CANADA	OTHER	TOTAL	WORLDWIDE
1991							
Sales	$3,863,065	$938,583	$976,392	$397,377	$471,701	$2,784,053	$6,647,118
Operating income	541,747	187,203	182,801	58,231	67,121	495,356	1,037,103
Identifiable assets	2,654,696	729,712	938,228	292,548	320,198	2,280,686	4,935,382
Capital expenditures*	199,151	55,459	55,283	20,033	15,408	146,183	345,334
Depreciation and amortization expense	122,983	28,307	22,285	12,458	10,105	73,155	196,138
1990							
Sales	$3,779,885	$763,644	$753,108	$373,302	$415,748	$2,305,802	$6,085,687
Operating income	566,995	112,285	128,584	54,920	59,132	354,921	921,916
Identifiable assets	2,604,714	607,448	727,942	256,670	290,677	1,882,737	4,487,451
Capital expenditures*	201,686	72,559	26,042	33,091	21,939	153,631	355,317
Depreciation and amortization expense	108,149	22,206	16,206	13,545	8,417	60,374	168,523
1989							
Sales	$3,473,258	$770,238	$769,044	$374,690	$413,647	$2,327,619	$5,800,877
Operating income	467,702	104,542	124,046	46,530	60,670	335,788	803,490
Identifiable assets	2,379,610	548,564	566,180	234,856	272,597	1,622,197	4,001,807
Capital expenditures*	165,895	105,987	22,019	12,231	17,193	157,430	323,325
Depreciation and amortization expense	95,321	16,760	17,260	10,463	8,300	52,783	148,104

*EXCLUDES PROPERTY, PLANT AND EQUIPMENT ACQUIRED THROUGH ACQUISITIONS

Stock Market Information

H.J. Heinz Company common stock is traded principally on the New York Stock Exchange and the Pacific Stock Exchange, under the symbol HNZ. The number of shareholders of record of the company's common stock as of June 19, 1991 approximated 49,100. The closing price of the common stock on the New York Stock Exchange composite listing on May 1, 1991 was $38.

Stock price information for common stock by quarter follows:

	STOCK PRICE RANGE	
	HIGH	LOW
1991		
First	$37	$31 3/8
Second	32 1/8	29 5/8
Third	35 5/8	31 1/2
Fourth	41 1/8	32 1/2
1990		
First	$32 3/8	$24 5/8
Second	32 3/8	28 5/8
Third	35 7/8	28 1/2
Fourth	34	27 1/2

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

H.J. HEINZ COMPANY AND SUBSIDIARIES

FISCAL YEAR ENDED (DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)	MAY 1, 1991 (52 WEEKS)	MAY 2, 1990 (52 WEEKS)	MAY 3, 1989 (53 WEEKS)
Consolidated Statements of Income:			
Sales	$6,647,118	$6,085,687	$5,800,877
Cost of products sold	4,063,423	3,726,613	3,550,249
Gross profit	2,583,695	2,359,074	2,250,628
Selling, general and administrative expenses	1,546,592	1,437,158	1,447,138
Operating Income	1,037,103	921,916	803,490
Interest income	34,967	26,748	31,037
Interest expense	137,592	108,542	77,694
Other expense, net	31,465	28,692	31,942
Income before income taxes	903,013	811,430	724,891
Provision for income taxes	335,014	306,979	284,661
Net Income	$ 567,999	$ 504,451	$ 440,230
Consolidated Statements of Retained Earnings:			
Amount at beginning of year	$2,560,780	$2,263,829	$2,002,073
Net income	567,999	504,451	440,230
Cash dividends:			
Common stock	239,212	207,387	178,340
Preferred stock	91	113	134
Amount at end of year	$2,889,476	$2,560,780	$2,263,829
Per Common Share Amounts:			
Net income	$ 2.13	$ 1.90	$ 1.67
Cash dividends	$ .93	$ .81	$ .69½

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED BALANCE SHEETS

H.J. HEINZ COMPANY AND SUBSIDIARIES

ASSETS (DOLLARS IN THOUSANDS)	MAY 1, 1991	MAY 2, 1990
Current Assets:		
Cash and cash equivalents	$ 150,979	$ 125,817
Short-term investments, at cost which approximates market	162,985	115,264
Receivables (net of allowances: 1991 - $11,563 and 1990 - $8,564)	678,109	640,788
Inventories:		
Finished goods and work-in-process	677,599	701,645
Packaging material and ingredients	290,260	291,940
	967,859	993,585
Prepaid expenses and other current assets	159,853	138,246
Total current assets	2,119,785	2,013,700
Property, Plant and Equipment:		
Land	39,918	38,690
Buildings and leasehold improvements	529,041	498,833
Equipment, furniture and other	2,195,511	1,958,016
	2,764,470	2,495,539
Less accumulated depreciation	1,041,729	927,787
Total property, plant and equipment, net	1,722,741	1,567,752
Other Noncurrent Assets:		
Investments, advances and other assets	343,526	258,166
Goodwill (net of amortization: 1991 - $67,553 and 1990 - $51,694)	498,029	430,888
Other intangibles (net of amortization: 1991 - $44,285 and 1990 - $36,279)	251,301	216,945
Total other noncurrent assets	1,092,856	905,999
Total assets	$4,935,382	$4,487,451

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

LIABILITIES AND SHAREHOLDERS' EQUITY (DOLLARS IN THOUSANDS)	MAY 1, 1991	MAY 2, 1990
Current Liabilities:		
Short-term debt	$ 381,164	$ 336,873
Portion of long-term debt due within one year	128,593	44,506
Accounts payable	515,459	460,044
Salaries and wages	86,660	79,789
Accrued marketing	74,403	75,786
Other accrued liabilities	177,993	209,759
Income taxes	65,437	73,244
Total current liabilities	1,429,709	1,280,001
Long-Term Debt and Other Liabilities:		
Long-term debt	716,937	875,228
Deferred income taxes	344,834	309,683
Other	169,039	135,640
Total long-term debt and other liabilities	1,230,810	1,320,551
Shareholders' Equity:		
Capital stock:		
Third cumulative preferred, $1.70 first series, $10 par value	538	599
Common stock, 287,401,000 shares issued, $.25 par value	71,850	71,850
	72,388	72,449
Additional capital	149,526	152,128
Retained earnings	2,889,476	2,560,780
Cumulative translation adjustments	(99,750)	(73,910)
	3,011,640	2,711,447
Less:		
Treasury shares, at cost (27,966,044 shares at May 1, 1991 and 33,881,804 shares at May 2, 1990)	692,547	777,548
Unearned compensation relating to the ESOP	44,230	47,000
Total shareholders' equity	2,274,863	1,886,899
Total liabilities and shareholders' equity	$4,935,382	$4,487,451

CONSOLIDATED STATEMENTS OF CASH FLOWS

H.J. HEINZ COMPANY AND SUBSIDIARIES

FISCAL YEAR ENDED (DOLLARS IN THOUSANDS)	MAY 1, 1991	MAY 2, 1990	MAY 3, 1989
Operating Activities:			
Net income	$ 567,999	$ 504,451	$ 440,230
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	196,138	168,523	148,104
Deferred tax provision	38,290	37,921	65,271
Other items, net	(52,680)	(31,572)	(45,454)
Changes in current assets and liabilities, excluding effects of acquisitions and divestitures:			
Receivables	(35,715)	(104,818)	(69,818)
Inventories	38,020	(86,549)	(134,582)
Prepaid expenses and other current assets	(664)	17,634	(13,650)
Accounts payable	33,935	46,751	25,290
Accrued liabilities	(24,312)	(35,837)	19,855
Income taxes	13,759	11,333	(18,929)
Cash provided by operating activities	774,770	527,837	416,317
Investing Activities:			
Capital expenditures	(345,334)	(355,317)	(323,325)
Acquisitions, net of cash acquired	(109,032)	(56,328)	(167,470)
Proceeds from divestitures	22,500	6,398	72,712
Purchases of short-term investments	(171,020)	(342,228)	(382,550)
Sales and maturities of short-term investments	118,478	368,767	412,365
Other items, net	(2,794)	10,434	12,627
Cash (used for) investing activities	(487,202)	(368,274)	(375,641)
Financing Activities:			
Proceeds from long-term debt	5,278	231,584	227,291
Payments on long-term debt	(95,124)	(28,095)	(34,683)
Proceeds from short-term debt	42,160	87,596	49,110
Dividends	(239,303)	(207,500)	(178,474)
Purchase of treasury stock	(67,546)	(279,899)	(97,508)
Exercise of stock options	101,194	56,752	30,393
Cash loaned to ESOP	–	(50,000)	–
Sale of treasury stock to ESOP	–	50,000	–
Other items, net	2,770	3,000	(1,590)
Cash (used for) financing activities	(250,571)	(136,562)	(5,461)
Effect of exchange rate changes on cash and cash equivalents	(11,835)	211	(8,098)
Net increase in cash and cash equivalents	25,162	23,212	27,117
Cash and cash equivalents at beginning of year	125,817	102,605	75,488
Cash and cash equivalents at end of year	$ 150,979	$ 125,817	$ 102,605

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Fiscal Year: The company operates on a fiscal year ending the Wednesday nearest April 30. However, certain foreign subsidiaries have earlier closing dates to facilitate timely reporting. Fiscal years for the financial statements included herein ended May 1, 1991, May 2, 1990 and May 3, 1989.

Principles of Consolidation: The consolidated financial statements include the accounts of the company and its subsidiaries. All significant intercompany accounts and transactions were eliminated. Certain reclassifications were made to prior years' amounts to conform with the 1991 presentation.

Translation of Foreign Currencies: For all significant foreign operations, the functional currency is the local currency. Assets and liabilities of these operations are translated at the exchange rate in effect at each year-end. Income statement accounts are translated at the average rate of exchange prevailing during the year. Translation adjustments arising from the use of differing exchange rates from period to period are included as a component of shareholders' equity. Gains and losses from foreign currency transactions are included in net income for the period.

Inventories: Inventories are stated at the lower of cost or market. Cost is determined principally under the average cost method.

Property, Plant and Equipment: Land, buildings and equipment are recorded at cost. For financial reporting purposes, depreciation is provided on the straight-line method over the estimated useful lives of the assets. Accelerated depreciation methods are generally used for income tax purposes. Expenditures for new facilities and improvements which substantially extend the capacity or useful life of an asset are capitalized. Ordinary repairs and maintenance are expensed as incurred. When property is retired or otherwise disposed, the cost and related depreciation are removed from the accounts and any related gains or losses are included in income.

Income Taxes: Deferred income taxes result primarily from timing differences between financial and tax reporting. The company has not provided for possible U.S. taxes on the undistributed earnings of foreign subsidiaries that are considered to be reinvested indefinitely. Where it is contemplated that earnings will be remitted, credit for foreign taxes already paid generally will offset applicable U.S. income taxes; in cases where they will not offset U.S. income taxes, appropriate provisions are included in the Consolidated Statements of Income.

In December 1987, the FASB issued Statement No. 96, "Accounting for Income Taxes." The statement requires the use of the liability method of accounting for deferred income taxes and must be implemented no later than Fiscal 1993. The company plans to adopt Statement No. 96 in the first quarter of Fiscal 1992. The company estimates that the adoption will negatively impact earnings by approximately $70-$80 million, which includes the Italian asset revaluation discussed in Note 11.

Net Income Per Common Share: Net income per common share has been computed by dividing income applicable to common shareholders by the weighted average number of shares of common stock outstanding and common stock equivalents during the respective years. Fully diluted earnings per share are not significantly different from primary earnings per share and, accordingly, are not presented.

Intangibles: Goodwill and other intangibles arising from acquisitions are being amortized on a straight-line basis over periods not exceeding 40 years. The company regularly reviews the individual components of the balances and recognizes, on a current basis, any diminution in value.

Cash Equivalents: Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less.

Business Segment Information: Information concerning business segment and geographic data is in Management's Discussion and Analysis.

2. Income Taxes

The following table summarizes the provision for U.S. federal and U.S. possessions, state and foreign taxes on income.

(DOLLARS IN THOUSANDS)	1991	1990	1989
Current:			
U.S. federal and U.S. possessions	$153,912	$140,299	$105,118
State	29,654	29,171	23,004
Foreign	113,158	99,588	91,268
	296,724	269,058	219,390
Deferred:			
U.S. federal and U.S. possessions	(9,319)	15,121	23,909
State	3,936	1,812	6,197
Foreign	43,673	20,988	35,165
	38,290	37,921	65,271
Total tax provision	$335,014	$306,979	$284,661
Income before income taxes:			
Domestic	$480,762	$504,435	$416,654
Foreign	422,251	306,995	308,237
	$903,013	$811,430	$724,891

Deferred taxes result principally from depreciation and employee benefits.

The company's consolidated United States income tax returns have been audited by the Internal Revenue Service for all years through 1987.

Certain undistributed earnings of foreign subsidiaries are considered to be reinvested indefinitely. The amount was $844.7 million at May 1, 1991.

The differences between the United States statutory tax rate and the effective rate are as follows:

	1991	1990	1989
U.S. federal statutory tax rate	34.0%	34.0%	34.0%
Tax on income of foreign subsidiaries	1.5	2.0	3.0
Tax on income of U.S. possessions subsidiaries	(.6)	(1.4)	(2.1)
State income taxes (net of U.S. federal income tax benefit)	2.5	2.6	2.7
Other	(.3)	.6	1.7
Consolidated effective tax rate	37.1%	37.8%	39.3%

3. Debt

Amounts outstanding at year-end:

SHORT-TERM (DOLLARS IN THOUSANDS)	1991	1990
Commercial paper	$157,598	$ 2,130
Bank and other borrowings	223,566	334,743
	$381,164	$336,873

LONG-TERM (DOLLARS IN THOUSANDS)	RANGE OF INTEREST	MATURITY (FISCAL YEAR)	1991	1990
United States Dollars:				
Commercial paper	Variable	1993	$437,696	$441,835
Eurodollar bonds	7½%	1997	75,000	75,000
Revenue bonds	5¾–11¾	1992–2016	67,428	77,455
Promissory notes	6⅞–12	1992–2001	24,188	23,272
Other	4–8¾	1992–2000	6,889	10,540
			611,201	628,102
Foreign Currencies (U.S. dollar equivalents):				
Promissory notes:				
Australian dollars	Variable	1992	78,000	75,000
Australian dollars	12⅛	1991	-	28,134
Italian lire	6⅞–17¼	1992–2001	21,469	24,094
New Zealand dollars	Variable	1992–1993	93,154	93,897
Spanish pesetas	Variable	1994–1998	18,420	24,840
Other	9–15	1992–2002	23,286	45,667
			234,329	291,632
Total long-term debt			845,530	919,734
Less portion due within one year			128,593	44,506
			$716,937	$875,228

The amount of long-term debt, excluding commercial paper, required to be retired in each of the four years succeeding 1992 is: $111.5 million in 1993, $17.4 million in 1994, $17.3 million in 1995, and $8.6 million in 1996.

The long-term commercial paper is supported by long-term line of credit agreements totaling $590.0 million, cancellable only after 390 days written notice. The commercial paper had a weighted average interest rate during the year of 7.6% and at year-end of 6.0%. In addition, the company has $575.5 million of foreign and other domestic lines of credit available at year-end, principally for overdraft protection.

The Australian $100.0 million 12¾% unsecured notes are due in 1992. The proceeds of this issue were swapped into floating rate U.S. dollar debt based on commercial paper rates. The effective interest rate in Fiscal 1991 was 7.4%.

The New Zealand $150.0 million 13.8% bank loans are due in 1993. The loans are guaranteed by the company and have been swapped into floating rate pound sterling debt maturing 1992 through 1993, with interest based on the pound sterling LIBOR rate. The effective interest rate in Fiscal 1991 was 14.9%.

4. Shareholders' Equity

Information related to stock issued and in treasury, and to additional capital follows:

	CUMULATIVE PREFERRED STOCK	COMMON STOCK				
	THIRD: $1.70 FIRST SERIES $10 PAR	ISSUED		IN TREASURY		ADDITIONAL CAPITAL
(IN THOUSANDS)	AMOUNT	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT
Balance April 27, 1988	$ 842	$71,850	287,400	$ 547,738	32,164	$ 99,960
Reacquired	-	-	-	97,508	4,112	-
Conversion of preferred into common stock	(85)	-	-	(693)	(76)	(608)
Conversion of 7¼% subordinated debentures	-	-	-	(30,906)	(2,300)	3,784
Stock options exercised	-	-	-	(35,379)	(3,513)	6,293
Other, net	-	-	-	1,390	50	236
Balance May 3, 1989	$ 757	$71,850	287,400	$ 579,658	30,437	$109,665
Reacquired	-	-	-	279,899	9,219	-
Conversion of preferred into common stock	(158)	-	-	(2,107)	(142)	(1,949)
Stock options exercised	-	-	-	(58,458)	(4,025)	15,005
Sale of treasury shares to ESOP	-	-	-	(21,207)	(1,578)	28,793
Other, net	-	-	-	(237)	(29)	614
Balance May 2, 1990	$ 599	$71,850	287,400	$ 777,548	33,882	$152,128
Reacquired	-	-	-	67,546	2,079	-
Conversion of preferred into common stock	(61)	-	-	(1,116)	(55)	(1,055)
Stock options exercised	-	-	-	(164,499)	(8,302)	(3,158)
Other, net	-	-	1	13,068	362	1,611
Balance May 1, 1991	$ 538	$71,850	287,401	$ 692,547	27,966	$149,526
Authorized Shares—May 1, 1991	54		600,000			

Capital Stock: The preferred stock outstanding is convertible at a rate of one share of preferred stock into 9.0 shares of common stock. The company can redeem the stock at $28.50 per share.

On May 1, 1991, there were authorized, but unissued, 2,200,000 shares of third cumulative preferred stock for which the series had not been designated.

In January 1989, the company called all of its 7¼% convertible subordinated debentures due 2015. The principal amount outstanding at the time of redemption was $40.6 million. The holders of the outstanding debentures elected to convert their debentures into 2.3 million shares of the company's common stock at the conversion price of $17.60 per share.

Employee Stock Ownership Plan (ESOP): The company established an ESOP in 1990 to replace in full or in part the company's cash-matching contributions to the

H.J. Heinz Company Employees Savings Plan, a 401(k) plan for salaried employees. Matching contributions to the ESOP are based on a percentage of the participant's contributions, subject to certain limitations.

To finance the plan, the ESOP borrowed $50 million directly from the company. The loan is in the form of a 15-year variable-rate interest-bearing note (9.4% average and 7.5% average for Fiscal 1991 and 1990, respectively) and is included in the company's balance sheet as unearned compensation. The proceeds of the note were used to purchase 1,577,908 shares of treasury stock from the company at approximately $31.70 per share.

The stock held by the ESOP is released for allocation to the participants' accounts over the term of the loan as company contributions to the ESOP are made. The contributions are reported as compensation and interest expense. Compensation expense related to the ESOP for Fiscal 1991 and 1990 was $3.1 million and $1.1 million, respectively. Interest expense was $4.4 million and $2.5 million for Fiscal 1991 and 1990, respectively. The company's contributions to the ESOP and the dividends on the unallocated company stock held by the ESOP will be used to repay loan interest and principal.

The dividends on the company stock held by the ESOP in Fiscal 1991 and 1990 were $1.4 million and $1.0 million, respectively. The ESOP may refinance the loan with third-party debt guaranteed by the company.

Cumulative Translation Adjustments: Changes in the cumulative translation component of shareholders' equity result principally from translation of financial statements of foreign subsidiaries into U.S. dollars. The reduction in shareholders' equity related to the translation component increased $25.8 million in 1991, decreased $15.3 million in 1990 and increased $56.1 million in 1989.

5. Supplemental Cash Flow Information

(DOLLARS IN THOUSANDS)	1991	1990	1989
Cash paid during the year for:			
Interest	$153,780	$106,696	$ 81,219
Income taxes	347,738	233,081	235,020
Details of acquisitions:			
Fair value of assets acquired	$200,098	$ 87,270	$198,946
Liabilities assumed*	89,402	29,577	28,853
Cash paid	110,696	57,693	170,093
Less cash acquired	1,664	1,365	2,623
Net cash paid for acquisitions	$109,032	$ 56,328	$167,470

*INCLUDES NOTES TO SELLER

In January 1989, the company issued 2.3 million shares of common stock in exchange for its 7¼% convertible subordinated debentures due 2015. As a result, long-term debt was reduced by $34.7 million. Further information regarding the debt conversion is included in Note 4.

6. Employees' Stock Option Plans and Management Incentive Plans

Under the company's stock option plans, officers and other key employees may be granted options, each of which allows for the purchase of shares of the company's common stock. The option price on all outstanding options is equal to the fair market value of the stock at the date of grant.

The shares authorized but not granted under the company's stock option plans were 6,192,592 at May 1, 1991 and 10,577,092 at May 2, 1990.

Data regarding the company's stock option plans follows:

	SHARES	RANGE OF OPTION PRICE
Shares under option April 27, 1988	24,130,500	$ 3¼-24½
Options granted	9,484,340	20½-25¼
Options exercised	(3,512,582)	3¼-22⅝
Options surrendered	(37,000)	13⅞-22⅝
Shares under option May 3, 1989	30,065,258	$ 3⅜-25¾
Options granted	4,971,000	22⅝-32⅝
Options exercised	(4,025,334)	4¼-24½
Options surrendered	(500,780)	14⅛-28⅛
Shares under option May 2, 1990	30,510,144	$ 3⅜-32⅝
Options granted	4,475,500	31⅞-39
Options exercised	(8,301,988)	3⅜-28⅛
Options surrendered	(91,000)	11-34½
Shares under option May 1, 1991	26,592,656	$ 4¼-39
Options exercisable at:		
May 2, 1990	17,858,604	
May 1, 1991	12,411,616	

Common stock reserved for options totaled 32,785,248 shares as of May 1, 1991 and 41,087,236 shares as of May 2, 1990.

The company's management incentive plans cover certain officers and other key employees of the company and its subsidiaries. Participants in the plans may elect to be paid on a current or deferred basis. The aggregate amount of all awards may not exceed certain limits in any year. Management incentive plans expense was $24.9 million in 1991, $20.7 million in 1990 and $23.1 million in 1989.

7. Retirement Plans

The company maintains retirement plans for the majority of its employees. Benefits are based on years of service and compensation or stated amounts for each year of service. Plan assets are primarily invested in equities and fixed income securities. The company's funding policy for the U.S. plans is to contribute annually not less than the ERISA minimum funding standards nor more than the maximum amount which can be deducted for federal income tax purposes. Generally, foreign plans are funded in amounts sufficient to comply with local regulations and ensure adequate funds to pay benefits to retirees as they become due.

Consolidated net pension costs consisted of the following:

(DOLLARS IN THOUSANDS)	1991	1990	1989
Benefits earned during the year	$ 24,401	$ 23,794	$ 25,617
Interest cost on projected benefit obligation	75,143	74,979	71,059
Actual return on plan assets	(121,608)	(78,136)	(158,675)
Net amortization and deferral	26,636	(17,143)	67,014
Consolidated net pension costs	$ 4,572	$ 3,494	$ 5,015

The following table sets forth the combined funded status of the company's principal plans at May 1, 1991 and May 2, 1990.

(DOLLARS IN THOUSANDS)	1991	1990
Actuarial present value of:		
Accumulated benefit obligation, primarily vested	$658,698	$720,594
Additional obligation for projected compensation increases	135,003	139,235
Projected benefit obligation	793,701	859,829
Plan assets	936,212	973,302
Plan assets in excess of projected benefit obligation	142,511	113,473
Unamortized prior service cost	45,448	46,790
Unamortized actuarial gains	(27,664)	(31,731)
Unamortized net assets at date of adoption	(75,381)	(99,556)
Prepaid pension costs	$ 84,914	$ 28,976

An overseas affiliate settled certain pension liabilities in Fiscal 1991 through the purchase of irrevocable nonparticipating annuities with an insurance company. An after-tax gain of $29.7 million was recorded on the settlement.

The weighted average rates used for the years ended May 1, 1991, May 2, 1990 and May 3, 1989, in determining the net pension costs and projected benefit obligations were as follows:

	1991	1990	1989
Expected rate of return on plan assets	10.3%	9.6%	9.7%
Discount rate	9.3%	9.7%	9.1%
Compensation increase rate	6.3%	6.5%	6.6%

Assumptions for foreign plans are developed on a basis consistent with those for U.S. plans, adjusted for prevailing economic conditions.

8. Postretirement Benefits Other Than Pensions

In addition to providing pension benefits, the company and certain of its subsidiaries provide health care and life insurance benefits for retired employees. Substantially all of the company's U.S. and Canadian employees may become eligible for these benefits. The cost of retiree health care and life insurance benefits is expensed as incurred. These costs were $5.3 million in 1991, $4.9 million in 1990 and $4.2 million in 1989.

Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" was issued in December 1990. The statement requires that the accrual method of accounting for other postretirement benefits be used and that the accrual period be based on the period that the employees render the services necessary to earn their postretirement benefits. The statement must be implemented no later than Fiscal 1994. Upon adoption, companies may recognize the additional liability either immediately or prospectively over not more than twenty years. The company is studying the new standard and has not decided which option it will adopt; however, management expects that the adoption of this standard will increase annual expense, the amount of which has yet to be determined.

9. Commitments and Contingencies

Legal Matters: Certain claims have been filed against the company or its subsidiaries and have not been finally adjudicated. These claims, when finally concluded and determined, in the opinion of management, based upon the information that it presently possesses, will not have a material adverse effect on the consolidated financial position.

Financial Instruments: The company periodically enters into certain forward exchange contracts, interest rate swaps and foreign currency swaps to minimize exposure and reduce risk from exchange rate and interest rate fluctuations in the regular course of business. The counterparties to these financial instruments consist of large major international financial institutions. The company continually monitors its positions and the credit ratings of its counterparties, and by policy, limits the amount of credit exposure to any one party. While the company may be exposed to potential losses due to credit risk in the event of nonperformance by these counterparties, it does not anticipate losses.

Lease Commitments: Operating lease rentals for warehouse, production and office facilities and equipment amounted to approximately $70.1 million in 1991, $63.0 million in 1990 and $54.8 million in 1989. Future lease payments for noncancellable operating leases as of May 1, 1991 totaled $162.1 million (1992–$36.4 million, 1993–$27.9 million, 1994–$24.1 million, 1995–$19.6 million, 1996–$12.8 million and thereafter–$41.3 million).

10. Quarterly Results *(Unaudited)*

Summarized quarterly financial information follows:

(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	SALES	GROSS PROFIT	NET INCOME	PER SHARE AMOUNTS NET INCOME	PER SHARE AMOUNTS DIVIDENDS
1991					
First	$1,559,243	$ 612,793	$143,237	$ .54	$.21
Second	1,644,580	625,701	139,770	.52	.24
Third	1,605,006	626,100	128,921	.49	.24
Fourth	1,838,289	719,101	156,071	.58	.24
Total	$6,647,118	$2,583,695	$567,999	$2.13	$.93
1990					
First	$1,451,949	$ 569,097	$126,546	$ .48	$.18
Second	1,531,078	588,840	125,395	.47	.21
Third	1,408,433	553,498	117,196	.44	.21
Fourth	1,694,227	647,639	135,314	.51	.21
Total	$6,085,687	$2,359,074	$504,451	$1.90	$.81

11. Subsequent Events

On June 27, 1991, the company sold The Hubinger Company of Keokuk, Iowa to Roquette Freres, a major worldwide producer of corn starches. Hubinger is a producer of corn derivatives, including corn syrup, starch and ethanol. The sale will result in an after-tax gain of approximately $130-$140 million.

The gain will be offset to a large extent by the prepayment of Italian taxes, the adoption of FASB Statement No. 96 and increased marketing initiatives.

The company plans to adopt Statement No. 96 in the first quarter of Fiscal 1992. The company estimates that the adoption will negatively impact earnings by approximately $70-$80 million. This is mainly due to an election made in June 1991 by Heinz's Italian affiliate, Plasmon, to revalue certain assets for tax purposes. The revaluation requires payment of approximately $80 million in exchange for approximately $200 million of future tax benefits that the company estimates will be realized in Fiscal years 1993 through 1997.

Independent Accountants' Report

The Shareholders
H.J. Heinz Company:

We have audited the accompanying consolidated balance sheets of H.J. Heinz Company and subsidiaries as of May 1, 1991 and May 2, 1990, and the related consolidated statements of income, retained earnings and cash flows for each of the three years in the period ended May 1, 1991. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of H.J. Heinz Company and subsidiaries as of May 1, 1991 and May 2, 1990, and the consolidated results of their operations and their cash flows for each of the three years in the period ended May 1, 1991 in conformity with generally accepted accounting principles.

Coopers & Lybrand

600 Grant Street
Pittsburgh, Pennsylvania
June 17, 1991, except for
Note 11, as to which
the date is June 27, 1991

Responsibility for Financial Statements

Management of H.J. Heinz Company is responsible for the preparation of the financial statements and other information included in this annual report. The financial statements have been prepared in conformity with generally accepted accounting principles, incorporating management's best estimates and judgments, where applicable.

Management believes that the company's internal control systems provide reasonable assurance that assets are safeguarded, transactions are recorded and reported appropriately, and policies are followed. The concept of reasonable assurance recognizes that the cost of a control procedure should not exceed the expected benefits. Management believes that its systems provide this appropriate balance. An important element of the company's control systems is the ongoing program to promote control consciousness throughout the organization. Management's commitment to this program is emphasized through written policies and procedures (including a code of conduct), an effective internal audit function and a qualified financial staff.

The company engages independent public accountants who are responsible for performing an independent audit of the financial statements. Their report, which appears herein, is based on obtaining an understanding of the company's accounting systems and procedures and testing them as they deem necessary.

The company's Audit Committee is composed entirely of outside directors. The Audit Committee meets regularly, and when appropriate separately, with the independent public accountants, the internal auditors and financial management to review the work of each and to satisfy itself that each is discharging its responsibilities properly. Both the independent public accountants and the internal auditors have unrestricted access to the Audit Committee.

ELEVEN-YEAR SUMMARY OF OPERATIONS AND OTHER RELATED DATA

H.J. HEINZ COMPANY AND SUBSIDIARIES

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)	1991	1990	1989	1988
Summary of Operations:				
Sales	$6,647,118	$6,085,687	$5,800,877	$5,244,230
Cost of products sold	4,063,423	3,726,613	3,550,249	3,212,580
Interest expense	137,592	108,542	77,694	73,995
Provision for income taxes	335,014	306,979	284,661	236,559
Net income	567,999	504,451	440,230	386,014
Net income per common share	2.13	1.90	1.67	1.45
Other Related Data:				
Dividends paid:				
Common	239,212	207,387	178,340	154,418
per share	.93	.81	.69½	.60½
Preferred	91	113	134	155
Average shares for earnings per share	266,628,617	266,078,096	263,568,068	265,411,890
Number of employees	34,100	37,300	36,200	39,000
Capital expenditures	345,334	355,317	323,325	238,265
Depreciation and amortization	196,138	168,523	148,104	133,348
Total assets	4,935,382	4,487,451	4,001,807	3,605,083
Total debt	1,226,694	1,256,607	962,321	780,330
Shareholders' equity	2,274,863	1,886,899	1,777,238	1,593,856
Pretax return on average invested capital (%)	31.3	31.3	31.4	30.0
Return on average shareholders' equity (%)	27.3	27.5	26.1	25.8
Book value per common share	8.76	7.44	6.91	6.24
Price range of common stock:				
High	41⅛	35⅝	25⅝	25⅝
Low	29⅜	24⅝	19¼	16¾

	1987	1986	1985	1984	1983	1982	1981
	$4,639,486	$4,366,177	$4,047,945	$3,953,761	$3,738,445	$3,688,500	$3,568,889
	2,858,096	2,697,264	2,532,776	2,489,513	2,400,973	2,432,944	2,372,759
	50,978	57,956	52,821	46,417	50,354	58,831	59,585
	226,070	197,594	179,325	164,725	136,122	106,145	126,879
	338,506	301,734	265,978	237,530	214,250	192,802	160,827
	1.24	1.10	.96	.85	.75	.68	.58
	132,278	117,351	105,489	94,210	76,352	65,755	54,841
	.50¼	.43¾	.38¾	.33¾	.27	.23½	.20
	177	227	291	387	805	1,220	2,198
	273,669,332	274,631,402	275,357,760	279,325,108	284,101,536	280,645,680	273,510,240
	37,500	36,400	37,100	38,100	37,200	36,600	36,400
	184,730	206,331	158,830	136,971	111,385	140,451	128,604
	109,868	91,400	84,721	75,925	69,738	64,427	61,251
	3,364,197	2,837,364	2,473,774	2,342,970	2,178,693	2,129,570	2,039,578
	876,620	540,588	463,413	448,676	384,049	455,672	432,451
	1,392,949	1,360,007	1,230,454	1,120,659	1,139,610	1,029,830	944,668
	29.5	31.0	30.5	29.0	26.6	25.0	25.5
	24.6	23.3	22.6	21.0	19.8	19.5	18.0
	5.40	5.08	4.49	4.09	3.95	3.58	3.29
	25¼	22	12¼	9⅜	7⅝	5⅜	4⅞
	19⅛	11⅜	8⅛	6¾	4⅞	4¼	3¼

Star-Kist Foods, Inc.
Acquired 1963
Long Beach, California
Joseph J. Bogdanovich, Chairman
J. Wray Connolly, President and Chief Executive Officer

World Headquarters
600 Grant Street
Pittsburgh, Pennsylvania

North America

Heinz U.S.A.
Established 1869
Pittsburgh, Pennsylvania
William C. Springer, President and Chief Executive Officer
FACTORIES: Cincinnati, Ohio; Dallas, Texas; Fremont, Ohio; Gridley, California; Holland, Michigan; La Mirada, California; Leominster, Massachusetts; Muscatine, Iowa; Pittsburgh, Pennsylvania; Stockton, California; Tracy, California

Ore-Ida Foods, Inc.
Acquired 1965
Boise, Idaho
John C. Glerum, President and Chief Executive Officer
FACTORIES: Burley, Idaho; Hayward, California; Ontario, Oregon; Plover, Wisconsin; Pocatello, Idaho; Torrance, California

□ **Foodways National, Inc.**
Acquired 1978
Boise, Idaho
John C. Glerum, President and Chief Executive Officer
FACTORIES: Massillon, Ohio; West Chester, Pennsylvania; Wethersfield, Connecticut

□ **Ore-Ida Vended Products, Inc.**
Acquired 1987
Boise, Idaho
J. Patrick Kinney, Vice President–Foodservice

StarKist Seafood Company
Established 1988
Long Beach, California
Andrew L. Barrett, President and Chief Executive Officer
COLD STORAGE/COLLECTION STATIONS: LePort, Reunion Island; Port Louis, Mauritius

□ **Star-Kist Caribe, Inc.**
Acquired 1963
Mayaguez, Puerto Rico
Lawrence A. Krogsdale, General Manager
FACTORY: Mayaguez

□ **Star-Kist International**
Acquired 1963
Panama City, Panama
FACTORY/COLLECTION STATIONS: Abidjan, Ivory Coast; Tema, Ghana

Heinz Pet Products Company
Established 1988
Newport, Kentucky
William R. Johnson, President and Chief Executive Officer
FACTORIES: Biloxi, Mississippi; Bloomsburg, Pennsylvania; El Paso, Texas; Pascagoula, Mississippi; Perham, Minnesota; Terminal Island, California; Weirton, West Virginia

Weight Watchers International, Inc.
Acquired 1978
Jericho, New York
Lelio G. Parducci, President
OPERATIONAL HEADQUARTERS: Düsseldorf, Germany; Geneva, Switzerland; Helsingborg, Sweden; Helsinki, Finland; Maidenhead, United Kingdom; Paris, France; Vancouver, Canada; Vienna, Austria

□ **Cardio-Fitness Corp.**
Acquired 1985
New York, New York
William M. Horne, President

□ **The Fitness Institute**
Acquired 1988
Toronto, Ontario, Canada
John A. Wildman, President and Chief Operating Officer

The Hubinger Company
Acquired 1975
Keokuk, Iowa
Bruce W. Brown, President and Chief Executive Officer
FACTORY: Keokuk
GRAIN ELEVATORS: Blandinsville, Illinois; Elvaston, Illinois; LaHarpe, Illinois; Osceola, Iowa; Stockport, Iowa

H.J. Heinz Company of Canada Ltd
Established 1909
North York, Ontario, Canada
John Crowshaw, President and Chief Executive Officer
FACTORY: Leamington, Ontario

□ **Baker's House International Inc.**
Acquired 1990
Mississauga, Ontario, Canada
Paul W. Sneddon, President
FACTORY: Mississauga

□ **Les Boulangeries Mansion**
Acquired 1990
Dorval, Quebec, Canada
Paul W. Sneddon, President
FACTORY: Dorval

□ **Pestritto Foods Inc.**
Acquired 1990
Blackwood, New Jersey
Paul W. Sneddon, President
FACTORIES: Bakersfield, California; Blackwood, New Jersey; Vinita, Oklahoma

□ **Pro Bakers Ltd.**
Acquired 1987
Buffalo, New York
Paul W. Sneddon, President
FACTORY: Buffalo, New York

□ **Pro Pastries Inc.**
Acquired 1987
Mississauga, Ontario, Canada
Paul W. Sneddon, President
FACTORIES: Brampton, Ontario; Mississauga, Ontario; St. Hubert, Quebec

□ **Shady Maple Farm Ltd.**
Acquired 1989
LaGuadeloupe, Quebec, Canada
Gary F. Coppola, President
FACTORY: LaGuadeloupe

□ **Tasty Frozen Products, Inc.**
Acquired 1990
Lenexa, Kansas
Paul W. Sneddon, President
FACTORIES: Lenexa, Kansas; Long Island, New York

□ **W.P. Foods**
Acquired 1988
Edmonton, Alberta, Canada
Paul W. Sneddon, President
FACTORIES: Brampton, Ontario; Edmonton, Alberta

BMJ Foods, P.R., Inc.
Acquired 1989
San Juan, Puerto Rico
Samuel H. Jove, President
RESTAURANTS: San Juan

South America

Alimentos Heinz C.A.
Established 1959
Caracas, Venezuela
John M. Werner, President and Chief Executive Officer
FACTORY: San Joaquin

Europe

H.J. Heinz Company, Limited
Established 1905
Hayes, Middlesex, England
John F. Hinch, Managing Director
FACTORIES/FARMS: *England*–Angmering; Bradford-on-Avon; Camberley; Harlesden; Horley; Kitt Green; Poling; Rustington; Woking *France*–Langeais

Heinz Italia S.p.A.
Acquired 1963
Milan, Italy
Luigi Ribolla, Managing Director

□ **PLADA S.p.A. (Plasmon Dietetici Alimentari S.p.A.)**
Acquired 1963
Milan, Italy
Luigi Ribolla, President and Managing Director
FACTORIES: Latina; Milan; Ozzano Taro

□ **Sperlari S.p.A.**
Acquired 1981
Cremona, Italy
Luigi Ribolla, President
FACTORIES: Chiavenna; Cremona; Gordona

H.J. Heinz Central Europe S.A.
Established 1984
Brussels, Belgium
Jean-Claude Jamar, Managing Director

□ **H.J. Heinz B.V.**
Acquired 1958
Elst, Gelderland, Netherlands
Jean-Claude Jamar, Director
FACTORY: Elst

□ **H.J. Heinz Branch Belgium**
Established 1984
Brussels, Belgium
Jacques Meert, General Manager–Marketing & Sales

□ **H.J. Heinz GmbH**
Established 1970
Cologne, Germany
Jean-Claude Jamar and *Jan Eenhoorn*, Members of Management Group

□ **H.J. Heinz S.A.R.L.**
Established 1979
Paris, France
Thierry Janin, General Manager–Marketing & Sales

Heinz Iberica, S.A.
Established 1987
Madrid, Spain
Claudio Serafini, Managing Director
FACTORIES: Alfaro; Bermeo; Ejea de los Caballeros

IDAL (Industrias de Alimentação, Lda.)
Acquired 1965
Lisbon, Portugal
Leonardo A. Caeiro, Managing Director
FACTORY: Benavente

Star-Kist Europe, Inc.
Established 1988
Douarnenez, France
John Bodmer, Managing Director

□ **Ets. Paul Paulet**
Acquired 1981
Douarnenez, France
Nick J. Harding, President-Director General
FACTORY: Douarnenez

□ **Marie Elisabeth Produtos Alimentares S.A.**
Acquired 1988
Matosinhos, Portugal
Martin Stilwell,
Managing Director
FACTORIES: Matosinhos; Peniche

Copais Canning Industry, S.A.
Acquired 1990
Athens, Greece
Emanuel Kaldellis,
Chairman of the Board
Ilena Frangista, Managing Director
FACTORIES: Aliartos; Orchomenos

H.J. Heinz Company (Ireland) Limited
Incorporated 1966
Dublin, Ireland
John P.H. O'Reilly,
Managing Director

Australia

H.J. Heinz Australia Ltd.
Established 1935
Dandenong, Victoria, Australia
Terence Ward, Managing Director and Chief Executive Officer
FACTORIES: Dandenong; Eden; Girgarre; Noble Park

Africa

H.J. Heinz (Botswana) (Proprietary) Ltd.
Formed 1988
Gaborone, Botswana
I. Laurie W. Bagshaw,
Managing Director

□ **Kgalagadi Soap Industries (Pty) Ltd.**
Acquired 1988
Gaborone, Botswana
I. Laurie W. Bagshaw,
Managing Director
FACTORY: Gaborone

□ **Refined Oil Products (Pty) Ltd.**
Formed 1987
Gaborone, Botswana
I. Laurie W. Bagshaw,
Managing Director
FACTORY: Gaborone

Olivine Industries (Private) Limited
Acquired 1982
Harare, Zimbabwe
Rory W. Beattie, Chairman and Chief Executive Officer
FACTORY: Harare

Asia/Pacific

Heinz Japan Ltd.
Established 1961
Tokyo, Japan
Masahiro Ogawa, President
FACTORY: Utsunomiya

Heinz-UFE Ltd.
Established 1984
Guangzhou,
People's Republic of China
Edward P. W. Tsang, Director and General Manager
FACTORY: Guangzhou

Seoul-Heinz Ltd.
Established 1986
Seoul, South Korea
John K. Johnson, President and Representative Director
FACTORY: Inchon

Heinz Win Chance Ltd.
Established 1987
Bangkok, Thailand
Ming-Der Guan, President
FACTORY: Bangplee

Star-Kist Samoa, Inc.
Acquired 1963
Pago Pago, American Samoa
Maurice W. Callaghan,
General Manager
FACTORY: Pago Pago

Directors

Anthony J.F. O'Reilly
Chairman, President and
Chief Executive Officer.
Director since 1971. (1,3,5,6)

Joseph J. Bogdanovich
Vice Chairman.
Director since 1963. (1,3,6)

J. Wray Connolly
Senior Vice President.
Director since 1985. (1,5)

Paul I. Corddry
Senior Vice President.
Director since 1986. (1)

Richard M. Cyert
President, Carnegie Bosch
Institute and Professor of
Economics and Management,
Carnegie Mellon University,
Pittsburgh, Pennsylvania.
Director since 1984. (2,3,4,6)

R. Derek Finlay
Senior Vice President-
Corporate Development
and Chief Financial Officer.
Director since 1981. (1,5)

Samuel C. Johnson
Chairman, S. C. Johnson & Son,
Inc., Racine, Wisconsin.
Director since 1988. (2,4)

Donald R. Keough
President and Chief Operating
Officer, The Coca-Cola
Company, Atlanta, Georgia.
Director since September 1990.
(2,3)

Albert Lippert
Chairman, Weight Watchers
International, Inc. until
January 1991; and Vice President,
George Simonton, Inc.,
New York, New York.
Director since 1978. (2,3,6)

F. James McDonald
Director, Various Corporations.
Director since 1977. (2,3,4)

Herman J. Schmidt
Director, Various Corporations.
Director since 1977. (2,3,4,6)

David W. Sculley
Senior Vice President.
Director since 1989. (1)

Eleanor B. Sheldon
Director, Various Corporations.
Director since 1979. (2,4,6)

William P. Snyder III
President, The Wilpen Group,
Inc., Pittsburgh, Pennsylvania.
Director since 1961. (2,3,4)

S. Donald Wiley
Senior Vice President, General
Counsel and Secretary.
Director since 1972. (1,5)*

Committees of the Board

(1) Executive Committee
(2) Management Development
and Compensation Committee
(3) Nominating Committee
(4) Audit Committee
(5) Investment Committee
(6) Public Issues Committee

*Retired September 30, 1990
**Appointed General Counsel October 1, 1990; Elected Senior Vice President June 12, 1991
***Elected Corporate Secretary October 1, 1990

Officers

Anthony J.F. O'Reilly
Chairman, President and
Chief Executive Officer

Joseph J. Bogdanovich
Vice Chairman

J. Wray Connolly
Senior Vice President

Paul I. Corddry
Senior Vice President

R. Derek Finlay
Senior Vice President-
Corporate Development
and Chief Financial Officer

George C. Greer
Vice President-Organization
Development and Administration

Thomas A. MacMurray
Vice President-
Technical Development

Lawrence J. McCabe
Senior Vice President-
General Counsel**

Paul F. Renne
Vice President-Finance
and Treasurer

Walter G. Schmid
Vice President-
Corporate Planning

David W. Sculley
Senior Vice President

D. Edward I. Smyth
Vice President-Corporate Affairs

Benjamin E. Thomas, Jr.
Corporate Secretary and
Assistant General Counsel***

S. Donald Wiley
Senior Vice President,
General Counsel and Secretary*

David R. Williams
Vice President and Controller

Heinz: A Definition

H.J. Heinz Company is a worldwide provider of processed food products and nutritional services. Heinz's varieties now number more than 3,000 and its business extends to loyal consumers in over 200 countries and territories. The company's two strongest global brands are Heinz and Weight Watchers, which in the United States are joined by powerful names, such as Ore-Ida, StarKist, 9-Lives and many others. Heinz provides employment for approximately 34,100 people full-time, plus thousands of others on a part-time basis and during seasonal peaks. A Total Quality Management (TQM) process has been introduced to enhance Heinz's quality culture and to make it an even more dynamic company for the 1990s.

Annual Meeting

The annual meeting of the company's shareholders will be held at 2 p.m. on Tuesday, September 10, 1991 in Pittsburgh at Heinz Hall for the Performing Arts. Proxy materials and formal notice of the meeting will be sent to shareholders about August 2, 1991.

Other Information

The company submits an annual report to the Securities and Exchange Commission on Form 10-K. Shareholders may obtain a copy of this Form 10-K without charge by writing to: Corporate Affairs Department, H.J. Heinz Company, P.O. Box 57, Pittsburgh, Pennsylvania 15230-0057.

The company will, upon written request addressed to the secretary of the company and upon the prepayment of reasonable charges, provide shareholders with a copy of the company's pension plan description, the latest annual report of the administrator, and the trust agreement or contract under which the plan is established, for any of the domestic pension plans of the company.

Investor Information

Securities analysts and investors seeking additional information about the company should contact John M. Mazur, assistant treasurer, at the World Headquarters address or should call him at (412) 456-6014.

Corporate Data

Transfer Agent, Registrar and Disbursing Agent: Mellon Bank, N.A., P.O. Box 444, Pittsburgh, Pennsylvania 15230. (412) 236-8000 or (800) 253-3399 (within U.S.A.)

Auditors: Coopers & Lybrand, 600 Grant Street, Pittsburgh, Pennsylvania 15219

Stock Listing: New York Stock Exchange
Ticker Symbols: Common-HNZ
Third Cumulative Preferred-HNZ PR

Pacific Stock Exchange
Ticker Symbol: Common-HNZ

Copies Of This Publication

Additional copies of this publication are available from the Corporate Affairs Department at the World Headquarters address or by calling (412) 456-6000.

Dividend Reinvestment

The company offers an Automatic Dividend Reinvestment Service for Shareholders. The plan provides for the reinvestment of quarterly dividends in shares of the company's common stock. Shareholders may also purchase additional shares under the plan with cash contributions. The company pays brokerage commissions and service charges under the plan.

For additional information regarding the dividend reinvestment plan, contact:
Mellon Bank, N.A.
P.O. Box 444
Pittsburgh, Pennsylvania 15230

(412) 236-8000 or
(800) 253-3399 (within U.S.A.)

H.J. Heinz Company
P.O. Box 57
Pittsburgh, Pennsylvania 15230-0057
(412) 456-5700

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